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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 – 23 December 2013

This update relates to Gunns Plantations Woodlot Schemes 2000 to 2006 & 2008 and 2009 (GPL Woodlot Schemes) (Excludes the Great Southern Schemes)

GPL Woodlot Schemes sale process update

This update provides Growers with information relating to the sale process for the GPL Woodlot Schemes assets (Scheme Assets), including:

1. Previous updates – Sale process of Scheme Assets
2. An update regarding the Scheme Assets concurrent sale process including:
 - a. GPL Liquidators' standalone sale process
 - b. Joint sale process with Gunns Receivers
 - c. Court directions regarding sale process
3. Third party land containing Scheme Assets
4. Next Steps

1. Previous updates – Sale Process of Scheme Assets

On 18 November 2013 the GPL Liquidators provided GPL Woodlot Schemes Growers with a summary of the sale process that was commencing following the approval of the Supreme Court of Victoria (**Court**) to the inclusion of a power of sale in the Scheme constitutions.

The update noted that GPL had entered into an agreement with the Gunns Receivers whereby the two following independent sale processes would be run concurrently.

- GPL Liquidators' standalone sale process – Scheme Assets (i.e. trees and leases). (**Standalone Sale Process**)
- Joint sale process with the Gunns Receivers – All Gunns Tasmanian forestry assets together with Scheme Assets. (**Joint Sale Process**)

The GPL Liquidators also provided GPL Woodlot Schemes Growers with a further update on 29 November 2013 that addressed a number of questions received by Growers and financial planners.

All other Grower updates may be found at PPB Advisory's website www.ppbadvisory.com (click through to the "Creditor Information" section of the website).

2. Scheme Assets concurrent sale process update

2a. GPL Liquidators' Standalone Sale Process

Outlined below is a summary of the actions that the GPL Liquidators have taken in regard to the Standalone Sale Process of the Scheme Assets.

Scheme Assets marketing campaign

- A marketing campaign was undertaken by the GPL Liquidators to canvass a diverse range of potential interested parties, advertising both locally in Australia and overseas.
- Over 70 interested parties were identified. These parties were provided with an interested party pack, which included a brief overview of the Scheme Assets, a sale procedure letter, confidentiality deed and access to an online data room that contained detailed information relating to the Scheme Assets.

Stage 1 – indicative non-binding offers

- Eight interested parties proceeded to stage one and completed a due diligence process. Each interested party was provided with an information memorandum for the Scheme Assets and access to supplementary data in the online secure data room.
- Four indicative non-binding offers were received from interested parties by due date of Monday 11 November 2013, although one party withdrew from the process shortly thereafter

Stage 2 – final offers

- The three remaining interested parties conducted further and more detailed due diligence and were invited to meet with and interview management and conduct site visits to view the Scheme Assets.
- Final offers for Scheme Assets were due on 9 December 2013. Unfortunately all remaining interested parties withdrew from the Standalone Sale Process and accordingly, there was no final offers received by the GPL Liquidators.

Given this, we will now solely participate in the Joint Sale Process with the Gunns Receivers as outlined below.

2b Joint Sale Process with Gunns Receivers

GPL provided Growers with updates on the 18 and 29 November 2013 that included information relating to the Joint Sale Process. These updates can be found at www.ppbadvisory.com.

- In summary, GPL and the Gunns Receivers agreed to a Joint Sale Process for assets including the Scheme Assets and various assets controlled by the Gunns Receivers.
- GPL and the Gunns Receivers have agreed a basis for sharing any sale proceeds from the Joint Sale Process. Accordingly, both parties' interests are aligned in ensuring value is maximised whilst ensuring that interested parties are not required to allocate between the various assets. In reaching this agreement, GPL were assisted by an independent forestry expert.
- There has been significant interest from parties looking to acquire this package of assets. A number of indicative offers were received on 16 December 2013.

The Joint Sale Process is complex, and is expected to continue into the first half of 2014.

2c Court directions regarding sale process

It is also important to note:

- GPL does not have to accept an offer for the Scheme Assets from the Joint Sale Process with Gunns Receivers if it is deemed not in the best interests of Growers.
- If GPL elects to accept an offer under the Joint Sale Process, we will apply to the Court for directions that the GPL Liquidators are justified and acting properly and reasonably in proceeding with that sale and, in particular, agreeing to the basis for sharing any sale proceeds.
- Sale of the Scheme Assets will be conditional upon the GPL Liquidators obtaining the directions from the Court. Interested parties will have an opportunity to apply to participate in these proceedings.

Interested parties will be provided with sufficient notice to enable them to seek to appear and make submissions to Court.

3. Third party Land containing Scheme Assets

On 28 November 2013 GPL released a Grower update relating to Scheme Assets located on multiple private landowners land and AFPT and AFPT 2.

Private landowners – GPL Woodlot Schemes 2002 to 2006 & 2009

Where private landowner's land is not included in the Joint Sale Process (outlined above) GPL is proposing to enter into sale agreements with private landowners.

Under these sale agreements, private landowners will have the opportunity to acquire the Scheme Assets (i.e. trees) located on their land for a price to be agreed on the basis that the private landowners release the GPL Woodlot Schemes from all liability in respect of outstanding and future rent. Any such sale would be subject to the Court providing directions that we are justified in entering into the sale contract.

AFPT Land – GPL Woodlot Schemes 2003, 2006, 2008 & 2009

The 28 November 2013 update also informed Growers that the GPL Liquidators had entered an implementation deed with the AFPT Receivers and Gunns Receivers regarding the sale of AFPT Land and Scheme Assets located on the land.

Court orders and directions relating to Private landowners and AFPT land

We previously advised Growers that the GPL Liquidators were seeking orders and directions from the Court that they are justified and acting properly and reasonably in entering into and performing agreements with Private landowners and AFPT and AFPT 2.

On 17 December 2013 the Court adjourned this part of the GPL Liquidators application to 13 February 2014.

Forestry Tasmania land – GPL Woodlot Schemes 2002 to 2006 & 2009

Approximately 14,000HA of Scheme Assets are located on land owned by Forestry Tasmania. The GPL Liquidators are currently in discussions with Forestry Tasmania with regard to a sale of these Scheme Assets to Forestry Tasmania. Any such sale would be subject to receiving directions from the Court.

We will update Growers regarding the progress of this sale in the new year.

4. Next steps

The GPL Liquidators will continue to advance the sale process for the Scheme Assets and endeavour to keep Growers informed with relevant developments.

We will provide a further update to Growers in January 2014

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

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.