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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)

Explanatory notice – 15 May 2015

This explanatory notice (**Notice**) is for investors (**Growers**) in one or more of the following schemes:

Gunns Plantations Woodlot Project 2002	ARSN 099 584 675
Gunns Plantations Woodlot Project 2003	ARSN 104 213 710
Gunns Plantations Woodlot Project 2004	ARSN 108 690 080
Gunns Plantations Woodlot Project 2005	ARSN 113 092 584
Gunns Plantations Limited Woodlot Project 2006	ARSN 118 534 106
Gunns Plantations Limited Woodlot Project 2008	ARSN 128 933 237
Gunns Plantations Ltd Woodlot Project 2009	ARSN 135 490 292

(together, the **2002 to 2009 GPL Woodlot Schemes, or Schemes**)
(Excludes the Great Southern Schemes and 2000 and 2001 GPL Woodlot Schemes)

In conjunction with this update please refer to:

- the explanatory notice to Growers dated 4 July 2014
- Grower update dated 15 July 2014
- Grower update dated 12 September 2014
- Grower update dated 29 January 2015.

available at:

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

Introduction

Growers should read this Notice in full as it includes important information about:

- allocation of the proceeds received from the sale of Scheme Assets as part of the Gunns Tasmanian Forestry Estate sale (**TFE Scheme Proceeds**) to the Schemes and within each Scheme, the Scheme Options (the **Allocation**)
- the steps required before sale proceeds may be distributed to you.

As noted in our prior Grower updates, an order was made by the Supreme Court of Victoria (**Court**) on 22 December 2014 that the Liquidators were acting properly and reasonably in instructing URS Australia Pty Ltd (**URS**) to provide a proportionate value allocation of the TFE Scheme Proceeds between the Schemes (the **URS Allocation**). This notice provides details of the URS Allocation.

The responsible entity of the Schemes, GPL (**RE**), proposes to allocate the TFE Scheme Proceeds in accordance with the URS Allocation methodology (assuming plantations with a negative value are disregarded) (**Proposed Allocation**) and consider this is in the best interests of Growers for the reasons set out in this Notice.

Note, the Liquidators of GPL have an interest in the Allocation as a result of the Liquidators' professional fees, together with legal costs and third party expenses (including plantation maintenance, GPL staff costs, independent expert fees etc) being payable from the TFE Proceeds. Refer to section 4 for further details.

Next Steps

The Liquidators have sought directions from the Court that they are justified and otherwise acting properly and reasonably in procuring GPL, as RE, to distribute the TFE Scheme Proceeds in accordance with the Proposed Allocation through an interlocutory process lodged on 31 October 2014 (**Allocation Proceeding**).

If the Court approves the Proposed Allocation, the Liquidators will proceed to implement the Proposed Allocation and you may lose any right to argue for an alternative allocation proposal. It is therefore important to read this Notice carefully.

A copy of this interlocutory process has been provided to the following parties:

- Australian Securities and Investments Commission
- Committee of Inspection (a representative body for creditors of GPL)
- Grower Committee (a representative body for some Growers of GPL)
- Gunns Grower Group and their solicitors
- Gunns Receivers and their solicitors
- Trevor Burdon.

On 13 May 2015, the following Court timetable was set for the Allocation Proceeding:

Date	Event
5 June 2015	Parties interested in participating in the hearing to file a notice of appearance and affidavit (evidence)
5 June 2015	Liquidators to file evidence of grower responses received for the Proposed Allocation
19 June 2015	Hearing before the Court to determine participation of Growers in the proceeding
26 June 2015	Liquidators file submissions and any further affidavits
10 July 2015	Interested parties file submissions
24 July 2015	Liquidators file any submissions in reply
29 July 2015	Liquidators to file evidence of grower responses received for the Proposed Allocation
30 July 2015	Hearing

The Allocation Proceeding will be conducted at the Supreme Court of Victoria, 210 William Street, Melbourne. The Court documents are available to Growers online at both:

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

A telephone hotline facility and an email facility have been set up to assist Growers who:

- wish to comment on the Proposed Allocation
- have any questions or wish to obtain further information on the Proposed Allocation or
- wish to support or object to the Proposed Allocation.

Details of where you can access the telephone hotline and email facilities are set out in sections 15 and 16 of this Notice.

If you wish to comment, support or object to the Proposed Allocation, you should call the telephone hotline facility or email **as soon as possible before 29 July 2015**. Your comments, support or objections will be summarised and provided to the Court.

You are not required to attend or appear at the Court hearing on 30 July 2015. However, you may wish to attend or appear at that Court hearing, and/or seek independent legal advice and/or obtain representation at that hearing. If you wish to do so, you will need to apply by 4pm 5 June 2015 as set out in the orders made on 13 May 2015. If you do so, any legal or other costs of doing so will be at your own expense unless the Court orders otherwise.

Depending on the level of Grower interest in participating in the hearing, we may ask the Court to appoint parties to appear and advocate on behalf of the different Grower interests.

We will keep you informed of future developments regarding the Proposed Allocation and the Allocation Proceeding (see section 9 of this Notice).

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.

How to navigate this document

Set out below is a table of contents and a high level description of the relevance of each main section.

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1 Summary of Joint Sale

1.1 Joint Sale summary

In our explanatory notice dated 4 July 2014, we advised Growers of the sale of approximately 52,400 hectares of 2002 to 2009 GPL Woodlot Schemes trees (**Scheme Assets**), located on land owned by the Gunns Group of companies (**TFE Land**).

The Scheme Assets were included as part of a joint sale (**Joint Sale**) with the Gunns Group's forestry assets located in Tasmania (collectively, the **Tasmanian Forestry Estate** or **TFE**) by the Gunns Group Receivers and Managers (**Gunns Receivers**).

The total proceeds received for the TFE Assets were \$324.7m. Of those proceeds, 12.5% or \$40.6 million was allocated to the Scheme Assets (prior to the deduction of applicable costs) (**TFE Scheme Proceeds**).

The Joint Sale excluded the following Scheme assets. A separate update to Growers will be provided on the status of their realisation:

- 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.
- 1,500 hectares of pine trees relating to Option 3 of the 2006, 2008 and 2009 GPL Woodlot Schemes located on Gunns Group owned land in Tumbarumba NSW (**Tumbarumba trees**).
- 10,000 hectares of 2003, 2006, 2008 and 2009 GPL Woodlot Scheme trees located on Australian Forestry Plantations Trust (Receivers and Manager Appointed) and Australian Forestry Plantations Trust Number 2 (Receivers and Managers Appointed) owned land (together **AFPT**). As noted in our Grower update dated 15 July 2014, these assets were sold and proceeds are being held on trust by the RE for the relevant schemes.

1.2 Update since 4 July 2014 explanatory notice

On 11 August 2014 the Court determined that the Liquidators were acting properly and reasonably in entering into the Joint Sale process with the Gunns Receivers and accepting \$40.6 million for the Scheme Assets.

On 5 September 2014 the Joint Sale completed. The TFE Scheme Proceeds (less deductible costs) are being held on trust for Growers, pending the allocation process outlined in this Notice, and a distribution process (discussed in sections 3 and 4).

On 22 December 2014 the Court ordered that the Liquidators were acting properly and reasonably in instructing URS to undertake an allocation of the TFE Scheme Proceeds across the Schemes and further the various Scheme Options (**Scheme Options**). The URS Allocation was received on 9 April 2015.

2 Background

The Grower notice dated 4 July 2014 provided detailed background to:

- the Liquidators appointment
- events prior to the completion of the Joint Sale.

This notice can be accessed at both of:

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

3 Overview of the Proposed Allocation

It is proposed that:

- the TFE Scheme Proceeds be allocated between the Scheme Options in accordance with the URS Allocation (assuming plantations with a negative value are disregarded, refer to section 4) as documented in the report by URS dated 9 April 2015
- the net TFE Scheme Proceeds allocated to each Scheme Option (after payment of costs) are distributed amongst all members of the relevant Scheme Option:
 - regardless of whether their woodlot was situated on the TFE Land
 - on the basis of their proportional interest in the Scheme Option prior to any termination or expiry (other than following harvest or insurance claim) of the RE's right to use any land.

It may be that the Court considers an alternative allocation and distribution is appropriate. These matters are explained in more detail below and in sections 4 and 9 of this Notice.

A summary of the Proposed Allocation is contained on Table 1 overleaf. The table also shows the estimated potential return per woodlot.

Further details of the Proposed Allocation is contained at section 4, noting at a high level, some characteristics that affect value include:

- the early schemes, 2002 and 2003 contain trees that are closer to maturity, accordingly the remaining costs to harvest will likely be relatively less than later scheme trees
- the later schemes, 2006 to 2009 contain trees that are further from maturity, accordingly the remaining costs to harvest will likely be relatively more than earlier scheme trees
- location of trees relative to active port facilities and saw milling operations - noting the active port facilities are located at Burnie (north west Tasmania) and Tamar (northern region of Tasmania), while the Triabunna port located in the south east of Tasmania, was closed in 2010. This has a negative impact to value for the 2006 scheme which has the highest proportion of trees planted in the south east of Tasmania compared to other schemes.

Other key assumptions are identified at section 4.

Please note these returns do not include returns from the realisation of other Scheme assets (e.g. AFPT trees and Tumberumba trees, refer Section 6.2), likewise, they do not include any estimate of potential competing claims (e.g. landowner claims, refer Section 6.1).

Table 1: Summary of the Proposed Allocation

GPL Scheme and Option	Gross return (\$'000)	Total estimated costs (\$'000)	Estimated net return (\$'000)	# woodlots	Estimated return per woodlot (\$)
Section reference	4		5		
GPL Scheme 2002					
- Option 1	17,113	(3,590)	13,523	13,693	988
- Option 2	770	(153)	616	1,936	318
GPL Scheme 2003					
- Option 1	6,971	(2,542)	4,428	14,805	299
GPL Scheme 2004					
- Option 1	2,595	(751)	1,844	4,291	430
GPL Scheme 2005					
- Option 1	3,570	(1,625)	1,945	10,979	177
- Option 2	1,215	(385)	830	1,530	543
GPL Scheme 2006					
- Option 1	1,781	(1,995)	-	17,740	-
- Option 2	1,747	(1,549)	198	9,472	21
- Option 3	798	(389)	409	4,494	91
GPL Scheme 2008					
- Option 1	1,575	(1,658)	-	14,365	-
- Option 2	1,110	(629)	480	2,263	212
- Option 3	22	(19)	3	333	8
GPL Scheme 2009					
- Option 1	1,081	(559)	522	4,043	129
- Option 2	219	(84)	135	292	461
Total	40,566	(15,929)	24,933	100,236	

Notes:

1. The estimated net return (and estimated return per woodlot) is calculated on the basis of estimated costs, including costs which are yet to be approved by the Court and future costs. Those costs may vary. If the actual costs are more than the estimated costs, the net return to Growers will reduce. If the actual costs are less than the estimated costs, the net return to Growers will increase. The estimated net return (and estimated return per woodlot) also assumes that no liabilities, other than Scheme Costs, are payable from the TFE Scheme Proceeds. If there are other liabilities payable (e.g. landowner claims) as referred to in Section 6.1 of this Notice, the net return to Growers may reduce.
2. Where the estimated costs of a Scheme Option exceed the gross proceeds payable, a return will not be paid to Growers in that Scheme Option.

4 Allocation Process

The Schemes' Assets which were sold as part of the TFE Sale were spread over all seven Schemes and across certain options within each of the Schemes.

4.1 Scheme Options

Growers may recall that, when applying for their original investment, they could apply to invest in different options (**Scheme Options**):

- Option 1 involved the growing of short rotation Eucalyptus for sale as pulp logs
- Option 2 involved the growing of Eucalyptus for sale as high quality veneer logs and pulp logs
- Option 3 involved the growing of pine trees for sale as saw logs and pulp logs.

The Scheme documents effectively provided for the Scheme Assets to be divided between the different Options, such that the Option 1 trees formed one pool of assets, the Option 2 trees formed a second pool of assets and the Option 3 trees formed a third pool of assets. The Scheme documents further provided that Growers in each particular Option would share in the proceeds of sale for any of their Option's trees, in proportion to the number of woodlots held by them.

It is therefore necessary to allocate the TFE Scheme Proceeds between the Scheme Options to reflect the value of the relevant assets sold by each Scheme Option and of the rights of Growers in each Scheme Option which were extinguished as part of the Joint Sale. The allocation of more value (and therefore TFE Scheme Proceeds) to any one Scheme Option will result in less value (and therefore TFE Scheme Proceeds) being allocated to one or more other schemes.

Example:

Option 2 of the 2002 Scheme is comprised of 1,936 woodlots (with a woodlot covering one hectare). The Option 2 Trees were planted on both TFE Land, and on Forestry Tasmania Land. The TFE Land comprised 303 Ha (approximately 15%) of the total land used for Option 2 of the 2002 Scheme.

According to the URS Allocation, the Option 2 Trees on TFE Land have been allocated \$770,000 of the TFE Scheme Proceeds (before costs).

Every Option 2 Grower in the 2002 Scheme, regardless of whether their trees were situated on TFE Land or elsewhere, will be allocated (before the deduction of costs) \$398 per woodlot (calculated by dividing \$770,000 by the 1,936 woodlots of Option 2 of the 2002 Scheme). After deduction of the current estimate of costs the allocation per woodlot is estimated at \$318 (before any competing claims).

An Option 1 Grower in the 2002 Scheme will not share in the \$770,000 at all - their pool of funds is separate.

4.2 Independence of the URS Allocation

The Allocation Process gives rise to a potential conflict of interest for the Liquidators, as the Liquidators may be seen as having an interest in allocating the TFE Scheme Proceeds in such a way as to ensure that the Scheme costs owing to them are paid in full. In determining the appropriate value for the purposes of the Allocation, the Liquidators therefore determined that it would be appropriate to engage an independent third party to conduct an allocation across the Scheme Options.

After obtaining directions from the Court, the RE engaged URS to undertake this allocation (**URS Allocation**). This provided the RE with an assessment of how the TFE Scheme Proceeds should be allocated based on the independent, and hence objective, opinion of URS in relation to those matters.

4.3 Proposed Allocation

In the URS report, URS set out two different allocations, one which took into account negative values of plantations, and one which ignored negative values of plantations. Including negative values effectively assumes that plantations will continue to be maintained and harvested, even though the costs of maintaining and harvesting exceed expected harvest proceeds.

On the other hand, ignoring negative values effectively assumes that the forestry manager will decide to take no further action (and therefore not incur the maintenance and harvesting expenses) in relation to plantations where the costs are expected to exceed the proceeds.

The RE has formed the view that it is more appropriate to ignore plantations with negative values on the basis that a commercial forestry manager would be more likely to take no further action and incur no additional expense where it is expected that those expenses will exceed harvest proceeds. The RE therefore proposes to allocate in accordance with the URS allocation which ignores negative values (**Proposed Allocation**). This allocation is reflected in tables 1 and 2.

The overall impact of the two allocations between the Scheme Options is small. A summary of the difference on the estimated gross returns per woodlot is included at **Appendix A**.

The following table sets out the URS Allocation of the TFE Scheme Proceeds.

Table 2: Summary of the URS Allocation

GPL Scheme and Option	TFE Ha		TFE Scheme Proceeds Allocation		Gross Amount per Ha (before costs)
	TFE Ha	% of total Ha	\$'000	%	\$
GPL Scheme 2002					
- Option 1	10,441	20.5%	17,113	42.2%	1,639
- Option 2	302	0.6%	770	1.9%	2,553
GPL Scheme 2003					
- Option 1	6,569	12.9%	6,971	17.2%	1,061
GPL Scheme 2004					
- Option 1	2,098	4.1%	2,595	6.4%	1,237
GPL Scheme 2005					
- Option 1	7,137	14.0%	3,570	8.8%	500
- Option 2	1,584	3.1%	1,215	3.0%	767
GPL Scheme 2006					
- Option 1	7,598	14.9%	1,781	4.4%	234
- Option 2	6,509	12.8%	1,747	4.3%	268
- Option 3	1,005	2.0%	798	2.0%	794
GPL Scheme 2008					
- Option 1	4,194	8.2%	1,575	3.9%	376
- Option 2	1,722	3.4%	1,110	2.7%	644
- Option 3	39	0.1%	22	0.1%	567
GPL Scheme 2009					
- Option 1	1,504	3.0%	1,081	2.7%	719
- Option 2	239	0.5%	219	0.5%	914
Total	50,940	100%	40,566	100.0%	

The URS Allocation is derived from a discounted cash flow valuation of the Schemes' plantations. Key considerations / inputs captured in the URS valuation model were:

- estimated harvest yields
- plantation management costs
- wood prices (log and chips)

- consideration of port access issues and associated costs (e.g. port access and distance required to transport wood to export ports which are located in the north of Tasmania)
- plantation characteristics (e.g. age, health, location)
- forecast market demand.

Parties participating in the hearing will be provided with a copy of the full URS Allocation report on a confidential basis as part of the exhibited documents.

5 Costs

There are a number of costs which will be deducted from the TFE Scheme Proceeds prior to distribution to Growers (**Scheme Costs**).

All Scheme Costs are subject to the review and approval of the Court. These Scheme Costs include:

- the remuneration and costs incurred to date by the Liquidators which relate to the Schemes
- the future remuneration and costs incurred by the Liquidators which relate to the Schemes, including costs of the Allocation Proceeding and of distributing the TFE Scheme Proceeds to Growers.

These Scheme Costs are payable in priority to any payment to Growers.

Some Scheme Costs relate only to one particular Scheme, while others relate to more than one Scheme. Scheme Costs which relate to more than one Scheme have been allocated between the Schemes based on certain methodologies including the number of Growers in the Scheme or the number of hectares in the Scheme.

Approval for these allocations has been obtained, or will be sought, from the Court prior to any payment of those costs from the TFE Scheme Proceeds.

Scheme Costs relating to the TFE Sale and the Allocation Proceeding will be allocated between the Schemes (and, in turn, Scheme Options) in the same proportion as the TFE Scheme Proceeds are allocated.

The Liquidators have estimated the costs for each Scheme (and then allocated those costs between the Scheme Options using the same methodology as approved by the Court).

The following table sets out the estimated Scheme Costs for each Scheme Option based on the Proposed Allocation, showing:

- amounts payable to the Liquidators (such as remuneration)
- legal costs
- amounts payable to other third parties and amounts incurred by other parties to the Allocation Proceeding which may be payable out of the TFE Scheme Proceeds. For example, these costs include the maintenance of the Scheme assets on TFE Land, GPL staff wages (and associated infrastructure costs) and URS fees.

Table 3: Summary of Estimated Scheme Costs

GPL Scheme and Option	Professional fees and disbursements (\$'000)	Legal (\$'000)	Third party (\$'000)	Total (\$'000)
GPL Scheme 2002				
- Option 1	1,932	607	1,052	3,590
- Option 2	95	23	35	153
GPL Scheme 2003				
- Option 1	1,387	498	657	2,542
GPL Scheme 2004				
- Option 1	399	137	214	751
GPL Scheme 2005				
- Option 1	777	264	584	1,625
- Option 2	189	63	133	385
GPL Scheme 2006				
- Option 1	954	410	631	1,995
- Option 2	712	320	516	1,549
- Option 3	212	73	105	389
GPL Scheme 2008				
- Option 1	869	378	411	1,658
- Option 2	323	145	161	629
- Option 3	11	4	4	19
GPL Scheme 2009				
- Option 1	319	93	147	559
- Option 2	48	14	22	84
Total	8,227	3,030	4,672	15,929

Note: This table sets out the estimated costs, including costs which are yet to be approved by the Court and future costs. Those costs may vary. Actual costs may be more or less than the estimated costs. Approval of these costs will form part of a separate application to the Court. Costs relating to the TFE Sale and the Allocation Proceeding are allocated between the Scheme Options in the same proportion as TFE Scheme Proceeds are allocated between the Scheme Options.

The main costs incurred to date relate to Scheme administration, RE expression of interest process, asset sale processes, Grower communications and resolution of landowner claims.

Future costs are expected to be incurred for the current Allocation process, resolving landowner and other competing claims, Grower communications and the distribution of funds.

The Scheme Costs will only be paid in full if the amount of the Sale Proceeds allocated to the relevant Scheme Option is greater than the Scheme Costs for that Scheme Option. If the amount of Sale Proceeds allocated to Scheme Options is less than the relevant Scheme Costs, the Liquidators may not recover all of the amount owing to them and Growers in that Scheme Option will not receive a return.

6 Other matters to be resolved

6.1 Potential Other Claims

There may be some liabilities which are payable from the Scheme Assets. The RE may be required to satisfy those liabilities from the Scheme Assets (including the TFE Scheme Proceeds) prior to paying any amounts to Growers.

Some landowners may have claims against the RE for rent or other amounts owing under leases entered into in relation to the Schemes. If these claims are valid, the RE may be entitled to be indemnified for (i.e. use) Scheme Assets (including the TFE Scheme Proceeds) to satisfy lease liabilities. If the RE is entitled to be indemnified, the valid claims of landowners may be payable from Scheme property in priority to distributions to Growers. The Liquidators have commenced, and intend to continue, negotiating with landowners in order to resolve such claims.

The Allocation Proceeding will not assess the merits of the competing claims to these funds (e.g. landowner claims for accrued or future rent), it will only determine what funds are allocated to which Scheme Options. Competing claims will either need to be resolved commercially (see section 1 above) or via a further Court proceeding.

If any such potential claims are valid and payable from Scheme property, the net return to Growers may be reduced. **Please note, the net estimated returns in Section 3 do not incorporate estimates of potential claims against the Scheme property.**

The Gunns Receivers agreed to release the following potential claims as part of the Joint Sale Agreement (refer to our explanatory notice dated 4 July 2014, section 4.5):

- unpaid rent relating to the Gunns Head Forestry Right Deeds or Gunns Head Leases
- any unpaid charges relating to the maintenance or management of the Scheme Assets during any period prior to the Gunns Receivers' appointment
- any unpaid fees relating in any way to the Schemes or Scheme Assets, including any fees payable to GPL as RE of the Schemes.

The maintenance costs incurred since our appointment, which were not subject to the above release, have already been taken into account in calculating the Scheme Costs referred to in section 5 above.

6.2 Realisation of remaining Scheme Assets

We continue to work productively with a number of remaining landowners to commercially realise the Scheme Assets on their land. As noted in Section 1, a separate update to Growers will be provided on these Scheme Assets. Further details are also described in our update dated 15 July 2014.

6.3 Taxation compliance

We have engaged taxation experts to assist with tax compliance requirements associated with the Schemes and RE, including:

- GST on asset realisations and expenses
- income tax issues
- other taxation arrangements.

While this matter is progressing well, it is very complex and resolution is required in order to simplify the distribution process.

7 Other Scheme monies

The RE holds other amounts which form part of the scheme property of some Scheme Options (**General Scheme Option Funds**) or which are referable to specific Growers in some Schemes (**Specific Grower Funds**).

General Scheme Option Funds include sale and thinnings proceeds of assets of a particular Scheme Option. Following the payment of any applicable Scheme Costs or other priority claim (such as those set out in section 5 of this Notice), General Scheme Option Funds will be distributed to Growers in the relevant Scheme Option.

Specific Grower Funds are not shared between all Growers in a Scheme Option but relate only to specific Growers. These include insurance proceeds and amounts reflecting unrepresented cheques. Subject to any claims which may have priority to the distribution to Growers, Specific Grower Funds will be paid to the relevant Growers.

The following table sets out the amounts currently held by the RE. **Note the below amounts have not been included in the estimated returns showed in Section 3 and 5.**

Table 4: Summary of other Scheme monies

GPL Scheme and Option	General option funds (\$'000)	Specific grower funds (\$'000)
GPL Scheme 2002		39.8
- Option 1		
- Option 2	306.7	
GPL Scheme 2003		79.9
- Option 1	10.6	
GPL Scheme 2004		0.9
- Option 1	-	
GPL Scheme 2005		158.9
- Option 1	0.0	
- Option 2		
GPL Scheme 2006		324.5
- Option 1	171.8	
- Option 2	128.1	
- Option 3		
GPL Scheme 2008		138.9
- Option 1	177.8	
- Option 2	15.2	
- Option 3		
GPL Scheme 2009		370.0
- Option 1		
- Option 2	0.5	
To be confirmed		71.3
Total	810.7	1,184.3

8 Distribution to Growers

Once the Sale Proceeds are allocated to the various Scheme Options, the Sale Proceeds will be used to pay the relevant Scheme Costs and satisfy any other liabilities of that Scheme Option. The balance of the allocated Sale Proceeds will be distributed to Growers in that Scheme Option (subject to any competing claim against a particular Growers' entitlement, for example by a financier under a Grower loan), regardless of whether their woodlot was situated on TFE Land and therefore part of the Joint Sale. This distribution process is governed by the Schemes pooling provisions as described in section 4 above.

9 Growers rights in relation to the Allocation hearing

Some Growers may wish to comment on, raise questions in relation to, or support or object to the Proposed Allocation. Without prejudice to any other actions Growers may be advised by their own advisers to take, Growers may:

- address any comments on the Proposed Allocation, the Allocation Proceeding or their individual circumstances
- ask any questions or obtain further information on the Proposed Allocation or the Allocation Proceeding or
- confirm their support or raise any objection to the Proposed Allocation.

The above may be done by either calling the telephone hotline on (03) 9269 4160 or emailing gunns@ppbadvisory.com. The telephone hotline facility will be staffed by representatives of GPL and the Liquidators (see section 16).

Before calling the telephone hotline facility or emailing, we suggest that you read and carefully consider this Notice and the FAQ available at:

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

for answers to your queries. If you do not find a suitable response and you call the hotline facility or email, you will receive a reply and your comments, support or objections will be noted and passed on to the Court for the purposes of the hearing of the Allocation Proceeding.

If you wish to support or object to the Proposed Allocation, you should call the telephone hotline on (03) 9269 4160 or by email gunns@ppbadvisory.com **as soon as possible before 29 July 2015**.

At the hearing of the Allocation Proceeding, the RE will disclose to the Court all comments, support or objections they have received from Growers prior to the hearing of the Allocation Proceeding in relation to the Proposed Allocation or the Allocation Proceeding. Personal details will be kept confidential subject to any orders of the Court. Any such comments, support or objections will be considered by the Court in the context of determining whether the Proposed Allocation should be approved.

You are not required, but are able, to attend or appear at the Court for the hearing of the Allocation Proceeding. Any Grower who objects to the Proposed Allocation may raise their objection at the Allocation Proceeding. Growers may choose to appear in person, or have their own lawyers represent them. If you wish to appear or have your own lawyers appear on your behalf, you should seek legal advice in relation to the steps that you will be required to take in order for this to happen.

Depending on the level of Grower interest in participating in the hearing, we may ask the Court to appoint parties to appear and advocate on behalf of the different Grower interests.

Shortly after the Court delivers its decision in respect of the Allocation Proceeding the RE will publish a further notice setting out the consequences of the decision (**Second Notice**) and will notify you of the publication of the Second Notice by post or email.

10 Grower Loans

Some Growers in the GPL Schemes entered into loan agreements to fund their initial investment in the GPL Schemes. While some Growers have repaid their loans in full, other Growers have outstanding loans (**Grower Loan**).

A number of financiers of Grower Loans (**Financiers**) may assert a proprietary interest in and/or security claim over the amount of any Sale Proceeds which are payable to any Grower (**Sale Proceeds Entitlement**), if that Grower has an outstanding Grower Loan.

If there are competing claims by the Grower and its Financier to the Sale Proceeds Entitlement, the Sale Proceeds Entitlements of Growers with a Grower Loan will be held on trust by the RE pending resolution of the competing claims, either by agreement or court order. The Allocation Proceeding will not determine the respective rights of the Financiers and Growers with Grower Loans.

Section 11 of this Notice provides further details of the options available to Growers with Grower Loans.

11 Distribution of Grower entitlements

If the Proposed Allocation is approved by the Supreme Court, the RE will implement the Allocation and notify Growers of their entitlements.

Growers who have a Grower Loan in connection with their investment in the Schemes will be able (should they choose) to direct that their entitlement is paid, in whole or in part, to their Financier to pay, to the extent possible, their Grower Loan.

A direction to pay form is available at any of:

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

If you have a Grower Loan you can (if you choose) give your directions to the RE by completing and returning a direction to pay form. To arrange for a direction to pay form to be sent to you, call the telephone hotline on (03) 9269 4160 or email gunns@ppbadvisory.com.

If you wish to confirm the number of woodlots you held in the GPL Schemes or any other private information which the RE holds in relation to your individual circumstances in respect of the Proposed Allocation, you should call the Gunns telephone hotline on (03) 9269 4160 or email gunns@ppbadvisory.com.

Growers that wish to obtain details in relation to the status of any loans that they may have, should contact their Financier directly.

To receive your entitlements (if payable to you having regard to your Grower Loan, if any), you must notify the RE of the bank account you nominate to receive payment. You can notify the RE of your bank account details by completing and returning the bank account nomination form at:

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

To arrange for a bank account nomination form to be sent to you, call the telephone hotline on (03) 9269 4160 or email gunns@ppbadvisory.com.

Please note we are required to withhold tax from Growers distributions at rate of 49% if a Grower has not:

- provided us with a tax file number (TFN) or Australian business number (ABN) before distribution
- informed us that he or she is exempt from quoting their TFN or ABN.

You can submit your TFN or ABN by completing and returning the bank account nomination form mentioned above.

12 Timing of distributions

If the Proposed Allocation is approved by the Court, the Second Notice will notify you of (among other things) the anticipated timing of distributions. The timing of a Grower's payment of their Sale Proceeds Entitlement will depend, in part, on their individual circumstances.

If a Grower does not have a Grower Loan, the RE will pay the Grower's Sale Proceeds Entitlement to their nominated bank account as soon as practicable following the necessary approvals being obtained from the Court.

If a Grower has any Grower Loan and its Financier has asserted a proprietary interest in and/or security claim over the amount of the Grower's Sale Proceeds Entitlement and the Grower:

- has directed the RE to pay its Grower Loan, to the extent possible, out of its Sale Proceeds Entitlement, the RE will, as soon as practicable, use the Grower's Sale Proceeds Entitlement to pay, to the extent possible, the Grower Loan and remit the balance of the Grower's Sale Proceeds Entitlement (if any) to the Grower into its nominated bank account
- has directed the RE to use its Sale Proceeds Entitlement to pay only part of its Grower Loan, the RE will, as soon as practicable, pay that part of the Grower Loan and retain the balance of the Grower's Sale Proceeds Entitlement on trust pending an agreement between the Financier and the Grower or Court order as to whom it should pay or
- has not directed the RE to use any part of its Sale Proceeds Entitlement to pay its Grower Loan, the RE will hold that Grower's Sale Proceeds Entitlement on trust pending agreement between the Financier and the Grower or court order as to whom it should pay.

Other parties (such as other landowners) may assert a competing claim to the TFE Scheme Proceeds. Any such claim will affect the timing of payments and may affect the amount of the Growers' Sale Proceeds Entitlements.

13 Tax consequences of the Compromise

The Proposed Allocation and payment of the Sale Proceeds Entitlement may have tax consequences for each Grower. The consequences for each Grower will depend on the Grower's individual circumstances. You may wish to seek advice from your personal financial or taxation adviser about the potential tax consequences of receiving your Sale Proceeds Entitlement and any choice you may make to give directions to pay your Sale Proceeds Entitlement to the Financier.

14 Comments, questions, support or objections

The RE has established a telephone hotline facility and email facility so that Growers may address any comments or questions, confirm their support or raise any objections.

The Liquidators will record in appropriate detail, in an affidavit to be filed with the Court in connection with the Allocation Proceeding, the substance of all comments and questions raised to it by the Growers and the responses to those Growers, and the nature of any support given or objections made to it by Growers and the responses provided by it to those Growers.

15 Further information

The RE has prepared answers to what it believes will be frequently asked questions (**FAQ**). The FAQ will be available online at any of:

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

or can be obtained by calling the telephone hotline on (03) 9269 4160 or email gunns@ppbadvisory.com.

16 Key contacts

Telephone Hotline Facility	(03) 9269 4160
Email address	gunns@ppbadvisory.com
Frequently Asked Questions and notices to Growers	Available online at any of: www.ppbadvisory.com.au/creditor-information www.abl.com.au/gunns/gunns.htm

Summary of Gross Returns per woodlot under the URS Allocations

GPL Scheme and Option	Gross return (\$'000)		# woodlots	Gross return per woodlot (\$)		Difference (\$)
	URS allocation <i>excluding</i> negative values	URS allocation <i>including</i> negative values		URS allocation <i>excluding</i> negative values	URS allocation <i>including</i> negative values	
GPL Scheme 2002						
- Option 1	17,113	17,295	13,693	1,250	1,263	(13)
- Option 2	770	781	1,936	398	403	0
GPL Scheme 2003						
- Option 1	6,971	7,040	14,805	471	476	(0)
GPL Scheme 2004						
- Option 1	2,595	2,629	4,291	605	613	(8)
GPL Scheme 2005						
- Option 1	3,570	3,477	10,979	325	317	8
- Option 2	1,215	1,231	1,530	794	805	(11)
GPL Scheme 2006						
- Option 1	1,781	1,738	17,740	100	98	2
- Option 2	1,747	1,700	9,472	184	179	5
- Option 3	798	808	4,494	178	180	0
GPL Scheme 2008						
- Option 1	1,575	1,426	14,365	110	99	10
- Option 2	1,110	1,104	2,263	490	488	3
- Option 3	22	23	333	66	69	(4)
GPL Scheme 2009						
- Option 1	1,081	1,090	4,043	267	270	(2)
- Option 2	219	222	292	750	761	(11)
Total	40,566	40,566	100,236			

Note: Gross returns are calculated before the deduction of applicable costs.