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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 – 13 June 2014

This update relates to Great Southern Plantations Schemes 1998 to 2006 (GSP Schemes)

Supreme Court of Victoria (Court) Proceeding Update

This communication updates you on:

- 1. The outcome of the Court proceeding concerning the allocation and distribution of proceeds (GSP Proceeding) received for the sale of GSP Schemes assets (Sale Proceeds)**
- 2. Estimated Grower returns**
- 3. Next steps - distribution of Sale Proceeds**

Please refer to the explanatory notice to Growers dated 7 March 2014 (**EN**) in conjunction with this update available at:

- www.abl.com.au/gunns/gunns
- www.ppbadvisory.com (by clicking through to the creditor information section).

1. Outcome of GSP Proceeding

On 5 June 2014 the Court ordered that the URS Allocation be adopted for the purposes of allocating and distributing the Sale Proceeds. The URS Allocation was one of the following three allocation options presented by the Liquidators to the Court:

- *URS Allocation*: determined by an independent forestry expert with consideration to certain assumptions made by the purchaser of GSP Schemes assets
- *FIT Allocation*: determined by the purchaser of GSP Schemes assets
- *Mid-Point Allocation*: mid-point of the URS and FIT Allocations.

Whilst the URS Allocation was not the GPL Liquidators recommended option, the Court decided that it was the most appropriate on the basis of all information put before it including:

- arguments for the FIT Allocation by Growers in the 1998 to 2003 GSP Schemes
- arguments for the URS Allocation by Growers in the 2005 and 2006 GSP Schemes (and by an alignment of interests, the 2004 GSP Scheme)
- arguments for the Mid-Point Allocation by the GPL Liquidators
- Grower feedback on the proposed allocations submitted to Court.

We recognise and support the decision of the Court and do not intend to appeal it.

The parties to the GSP Proceeding agreed prior to the Court hearing that Impaired Interests would be included in the distribution of the Sale Proceeds (please refer to Section 6 of the EN for further details on the Impaired Interests).

A copy of the Court's decision is also available on the websites noted above.

2. Estimated Grower returns

The estimated returns under the URS Allocation, as outlined in the EN, and including Impaired Interests are as follows:

GSP Schemes	Gross Scheme allocation ¹ (\$'000)	Net return per woodlot ² (\$)
GSP 1998	-	-
GSP 1999	-	-
GSP 2000	924	10.84
GSP 2001	577	9.96
GSP 2002	5,736	252.28
GSP 2003	16,478	252.75
GSP 2004	5,275	25.50
GSP 2005	5,352	20.22
GSP 2006	4,158	15.41
Total	38,500	n/a

Notes:

1. Gross Scheme allocation is an allocation of the gross proceeds received, i.e. before consideration of any costs.
2. The estimated net return per woodlot is calculated on the basis of estimated costs, including costs which are yet to be approved by the Supreme 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 also assumes that no liabilities, other than Scheme Costs, are payable from the Sale Proceeds. If there are other liabilities payable, the net return to Growers may reduce.

Refer to the EN for details of the calculation of these returns. We will continue to update Growers on estimated net returns as the quantum of competing claims and costs are determined.

3. Next steps – distribution of Sale Proceeds

We will now begin the distribution process of the Sale Proceeds to Growers.

There are a number of steps we have to undertake before a return is able to be paid to Growers including resolving competing claims, confirming Grower details and obtaining Court approval on scheme related costs. The distribution process is detailed in section 12 of the EN.

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.