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GUNNS PLANTATIONS LIMITED
ABN 36 091 232 209
AFSL NO. 238701

A WHOLLY OWNED SUBSIDIARY OF GUNNS LIMITED
ABN 29 09 478 148
(Receivers & Managers Appointed) (In Liquidation)

Grower update – 15 May 2013 Gunns Plantations Woodlot Projects 2000 and 2001 (GPL Woodlot 2000 & 2001 Schemes)

This brief communication updates you on:

1. The recent Grower meeting held on 9 May 2013 for the GPL Woodlot 2000 & 2001 Schemes.
2. Next steps: Grower consultation and court approved sale process.

1. Outcomes of the GPL Woodlot 2000 & 2001 Schemes Growers meetings on 9 May 2013

Growers were to consider 3 resolutions at their meetings on 9 May 2013.

The first resolution was for a series of amendments to the constitutions.

The majority of the proposed amendments will not become effective unless, and until, a new responsible entity is appointed.

The following amendments become effective upon being lodged with the Australian Securities and Investments Commission:

- a. to allow Growers to become 'electing growers' (i.e. to have rights to manage, market and sell their own woodlots)
- b. to require the Responsible Entity to obtain Grower Approval before surrendering leases.

The first resolution was put and passed by growers via a Special Resolution* (*which has a different voting threshold to extraordinary resolutions - see note below*).

The second and third resolutions were to change the RE from GPL to Primary Securities Ltd (**Primary Securities**).

These resolutions were to be Extraordinary Resolutions** (*which has a different voting threshold to special resolutions - see note below*).

These resolutions were **not put to growers** and accordingly, **GPL remains the RE** of the 2000 and 2001 GPL woodlot schemes.

It remains unclear as to whether Primary Securities will seek to become the RE of the GPL Woodlot 2000 & 2001 Schemes given the risks and uncertainly outlined in our update of [8 May 2012](#).

The meetings were both adjourned to 7 June 2013.

* To pass a special resolution, support of at least 75% of the total votes that may be cast by Growers who are entitled to vote on the resolution and are present at the meeting (either in person or by proxy) is required. This is considered effectively a lower threshold than an extraordinary resolution

** To pass an extraordinary resolution, support of at least 50% of the total votes that may be cast by Growers who are entitled to vote on the resolution is required (note this includes Growers who are not present at the meeting either in person, by proxy or attorney). This is considered effectively a higher threshold than a special resolution.

2. Next steps

We are proceeding with our application for approval from the Court for the proposed power of sale as we continue to believe that a sale process remains in the best interests of Growers.

We note that if the power of sale is not obtained or the sale process not conducted, the present standstill agreement with the receivers and managers (**Receivers**) of the Gunns Ltd (Receivers and Managers appointed) (in Liquidation) group of companies may terminate.

If the standstill with the Receivers is terminated, the Receivers may be entitled to terminate the leases to GPL for land used by the GPL Woodlot 2000 & 2001 Schemes.

We note that there is also a risk that the resolution passed at the growers meeting on 8 May 2013 (ie the first resolution), may itself constitute a breach of the standstill agreement and give cause for the Receivers to terminate the agreement.

We remain in productive dialogue with the Receivers in an endeavour to avoid a termination of the standstill agreement and will update Growers with any material developments.

We see the Grower meeting adjournment as a positive outcome as it will allow:

- the Liquidators' power of sale application to the Supreme Court of Victoria to be heard on 30 May 2013
- an opportunity for continued dialogue with the grower representatives of the GPL Woodlot 2000 & 2001 Schemes.

For the reasons set above and in our prior update of 8 May, we **do not recommend** that Growers support the present Primary Securities Proposal at any reconvened meeting of the Growers.

Further questions?

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

Contact	Contact Phone Number	Contact Email Address
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Disclaimer

Growers are encouraged to read this update in its entirety before making a decision as to how to vote. Growers should make their own independent evaluation of the proposal and of the relevance and adequacy of the information contained herein, and should make such investigations as they deem necessary to determine whether and how to vote at the meetings.

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.