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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 – 17 September 2015

This update relates to Gunns Plantations Woodlot Schemes 2002 to 2006, 2008 and 2009

(Excludes the Great Southern Schemes and 2000 and 2001 GPL Woodlot Schemes)

This communication updates you on:

1. The outcome of the Court proceeding concerning the allocation and distribution of proceeds received (**Allocation Proceeding**) for the sale of GPL Schemes assets (**Sale Proceeds**)
2. Estimated Grower returns
3. Distribution of Grower entitlements
4. Remaining tasks

In conjunction with this update please refer to the explanatory notice to Growers dated 15 May 2015 (**EN**) available at:

- www.ppbadvisory.com.au/creditor-information
- <http://www.abl.com.au/gunns/gunns.htm>

1. Outcome of Allocation Proceeding

The Allocation Proceeding was heard in the Supreme Court of Victoria (**Court**) on 30 July 2015.

On 18 August 2015 the Court ordered that the URS Allocation be adopted for the purposes of allocating the Tasmanian Forestry Estate sale proceeds (**TFE Scheme Proceeds**) between each of the Schemes and within the Schemes, each Option.

The Court also ordered that the liquidators are acting properly and reasonably in distributing the TFE Scheme Proceeds in proportion to the number of hectares held by each Grower in a Scheme Option of each GPL Woodlot Scheme.

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

We recognise and support the decision of the Court. The appeal period for this decision ended on 15 September 2015. An appeal was not lodged by any intervening parties.

As described in our Explanatory Notice (**EN**) to Growers dated 15 May 2015, we intend to prepare a Second Explanatory Notice (**2nd EN**) to Growers, detailing the next steps and the anticipated timing of distributions.

This is likely to occur over the following months as the matters described in Section 4 of this update are resolved.

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.

2. Estimated Grower returns

The estimated returns under the URS Allocation as at 15 May 2015 were outlined in the EN as follows:

GPL Scheme and Option	Gross return (\$'000)	Total estimated costs (\$'000)	Estimated net return (\$'000)	# woodlots	Estimated net return per woodlot (\$)
Notes			1,2		1,2
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.

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.

The estimated net return (and estimated return per woodlot as at 15 May 2015) assumes that no liabilities, other than Scheme Costs, are payable from the TFE Scheme Proceeds and are prior to any taxation effects. If there are other liabilities payable (e.g. landowner claims), the net return to Growers may reduce.

Refer to the EN for details of the calculation of these returns as at 15 May 2015. We will continue to update Growers on estimated net returns as the quantum of competing claims and costs are determined. Future correspondence on returns will be sent to Growers on a scheme by scheme basis.

More up to date estimated returns will be provided to Growers in the 2nd EN. The estimated returns will be adjusted for:

- funds realised from harvest, landowner settlements and the other sources
- up to date costs
- potential landowner claims
- known taxation effects.

3. Distribution of Grower entitlements

Bank details

We require confirmation of bank account details from all Growers in preparation for the distribution of Grower entitlements.

Please complete and return the bank account nomination form available at:

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

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.

We cannot distribute entitlements to Growers if we have not received a completed form.

Withholding tax

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.

Grower loans

Growers who have a Grower Loan in connection with their investment in the Schemes will be able to direct their entitlement payment (in whole or in part), to their Financier.

A direction to pay form is available at:

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

4. Remaining tasks

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, obtaining Court approval on Scheme related costs and obtaining taxation advice.

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.

a) Asset realisation

We continue to work productively with a number of remaining landowners to commercially realise the Scheme Assets on their land. Further details are described in section 6 of the EN.

b) Competing claims determination

Growers will recall that section 6 of the EN and other updates, identified there are material competing claims asserted against scheme assets. The RE may be required to satisfy those liabilities from available scheme property prior to distributing funds to Growers. Remaining potential liabilities are **predominately claims by private landowners for unpaid past and future rent.**

Processes to determine and resolve the private landowner claims are progressing. We have provided a number of options available to landowners to consider.

To date approximately half of the landowners have entered into commercial arrangements to acquire the Scheme trees on their own land and in doing so surrendering all claims against the Schemes for past and future rent and thereby removing competing claims.

Ultimately, if commercial resolutions cannot be reached with private landowners, further orders of the Court may be required. We will continue to notify Growers on material progress in future updates.

c) Taxation compliance

We have engaged taxation experts, PricewaterhouseCoopers (**PwC**), to assist with compliance requirements, associated with this administration, including:

- i) GST on asset realisation / expense
- ii) Income tax
- iii) Other taxation arrangements.

While this matter is progressing, it is very complex and resolution is required in order to simplify the distribution process. We will continue to keep Growers apprised of material development in future updates.

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) 6364 3180	gunns@gunnsplantation.com
PPB Advisory	(03) 9269 4160	gunns@ppbadvisory.com