

REGISTERED OFFICE
28A BRISBANE STREET, LAUNCESTON, TAS 7250

TELEPHONE +61 3 6364 3180
FACSIMILE +61 3 6334 5318



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 2006, 2008 and 2009 (Option 3) (GPL Schemes)

(Excludes the Great Southern Schemes, 2000 to 2005 GPL Woodlot Schemes and 2006,
2008 and 2009 Option 1 and 2 GPL Woodlot Schemes)

This communication updates you on:

1. The outcome of the Court proceeding concerning the proposed sale, allocation and distribution of the proceeds of sale of trees of the Gunns Woodlot (Third Option) Schemes (**Tumbarumba Application**)
2. Estimated Grower returns
3. Distribution of Grower entitlements
4. Remaining tasks

In conjunction with this update please refer to the Grower updates dated 29 April 2015 and 29 May 2015 available at:

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

1. Background to Tumbarumba Application

Growers will recall the exclusion from the Tasmanian Forestry Estate (**TFE**) sale of approximately 1,500 hectares of Option 3 Scheme trees located on land owned by Gunns in the Tumbarumba region of New South Wales (**Tumbarumba Scheme Trees**). These trees were excluded from the TFE sale given their location in NSW.

A separate agreement was reached with the Receivers and managers (**Receivers**) of the Gunns Group of companies to undertake a joint sale (**Joint Sale**) of assets (collectively referred to as the **Tumbarumba Estate**) which included:

1. 2,801 hectares of land owned by Gunns (**Tumbarumba Land**)
2. the Tumbarumba Scheme Trees
3. 1,283 hectares of trees owned by Gunns on the Tumbarumba Land.

2. Outcome of Tumbarumba Application

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

As outlined in prior Grower updates, the liquidators applied to Court for directions in relation to the proposed sale, allocation and distribution sale proceeds from the Tumbarumba Scheme trees.

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.

On 18 August 2015 the Court ordered that the liquidators are justified and acting properly and reasonably in:

- terminating, relinquishing or surrendering the rights of Growers as contemplated under the Sale Process Deed (**SPD**) in return for an agreed allocation of proceeds from the sale of the Tumbarumba Scheme Trees (circa \$1.45 million, net of GST but before applicable costs)
- allocating the Scheme Proceeds between the Option 3 Schemes in proportion to the value of the scheme assets as determined by forestry expert, URS
- distributing the proceeds allocated to each Option 3 Scheme between the Option 3 growers in proportion to their holdings (number of hectares held by each Grower within a Scheme).

A copy of the Court's decision is available at:

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

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.

3. Estimated Grower returns

The estimated returns from the sale of the Tumbarumba Scheme Trees are as follows:

GPL Scheme Option 3	Hectares sold	Proposed allocation of Scheme Proceeds	Estimated return per Scheme (\$m)	Estimated net return per woodlot (\$)
GPL Scheme 2006	1108	78.10%	1.13	1,020
GPL Scheme 2008	199	9.51%	0.14	704
GPL Scheme 2009	212	12.39%	0.18	849
Total			1.45	

Note: the above are gross returns calculated before the deduction of applicable costs and potential competing claims.

The estimated net returns are prior to any taxation effects. These proceeds are additional to the proceeds received by the GPL Schemes from the Tasmanian Forestry Estate sale (**TFE Scheme Proceeds**). Further detail of the proceeds and allocation of the TFE Scheme Proceeds sale can be found in the Explanatory Notice (**EN**) dated 15 May 2015 available on the following websites:

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

We intend to hold those proceeds on trust, to be pooled with other scheme proceeds of sale and distributed at the one time, following the deduction of any scheme costs incurred.

4. 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.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.

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.htm

5. 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 and obtaining Court approval on scheme related costs.

a) Competing 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 Joint Sale 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 Joint Sale 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.

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 the above table do not incorporate estimates of potential claims against the Scheme property.**

b) Costs associated with Proposal

Prior to distributing any proceeds of sale, the Liquidators will need to obtain orders from the Court for their GPL Woodlot Schemes related costs.

There are a number of costs which will be deducted from the 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 Tumbarumba Application and of distributing the Scheme Proceeds to Growers.

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