

REGISTERED OFFICE  
233B CHARLES STREET, LAUNCESTON, TAS 7250  
PO BOX 588, LAUNCESTON, TAS 7250  
TELEPHONE +61 3 6335 5290  
FACSIMILE +61 3 6333 0646



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 – 18 November 2013

### This update relates to Gunns Plantations Woodlot Schemes 2000 to 2006 & 2008 and 2009 (GPL Woodlot Schemes) (Excludes the Great Southern Schemes)

## GPL Woodlot Schemes sale process update

This update provides Growers with information relating to the sale process for the GPL Woodlot Schemes assets (Scheme Assets), including:

1. Previous Grower updates
2. A summary of the Scheme Assets concurrent sale process including:
  - a. The reason for a concurrent parallel sale process, namely:
    - i. GPL Liquidators' standalone sale process
    - ii. Joint sale process with Gunns Receivers
  - b. Approval of sale process
3. Non Gunns owned GPL Woodlot Schemes land
4. Next Steps

### 1. Previous update

On 23 August the GPL Liquidators informed GPL Woodlot Schemes Growers that a sale process would commence following the Supreme Court of Victoria (**Court**) granting a power of sale.

All other Grower updates may be found at PPB Advisory's website [www.ppbadvisory.com](http://www.ppbadvisory.com) (click through to the "Creditor Information" section of the website).

### 2. GPL Woodlot Schemes asset sale process

GPL has entered into an agreement with the Gunns Receivers whereby the two following independent sale processes will be run concurrently.

- GPL Liquidators' standalone sale process – Scheme Assets (i.e. trees and leases).
- Joint sale process with the Gunns Receivers – All Gunns Tasmanian forestry assets together with Scheme Assets.

The sale process for the Scheme Assets will be conducted through a robust and transparent process (further details noted below) and we will keep Growers informed of the progress.

## 2a. Reason for a concurrent parallel sales process

Marketing the Scheme Assets via both sale processes allows the GPL Liquidators to test the market and determine which sale process produces the best outcome in the interest of Growers.

Further, the concurrent sale process protects Growers interests by ensuring that the Gunns Receivers do not terminate GPL Woodlot Scheme leases or maintenance agreements during this sale process.

### 2a(i). GPL Liquidator's standalone sale process

The GPL Liquidators are marketing the Scheme Assets on a standalone basis to parties that are interested in purchasing only the tree and lease interests of the Schemes.

A summary of the sale process is noted below.

- Bidders for the Scheme Assets will negotiate directly with the GPL Liquidators to achieve a binding offer for these assets.
- In progressing the standalone sale process, the GPL Liquidators have:
  - o Undertaken a comprehensive national and international marketing program including advertising in national newspapers and national and international forestry publications.
  - o Developed an interested party pack that has been sent to a number of parties (in excess of 70) including professional advisors, accounting firms, lawyers, financial institutions and commercial and specialist forestry entities. The pack includes an information overview of the Scheme Assets, a summary of the GPL Liquidators' sale process and a confidentiality deed.
  - o Produced an information memorandum for the Scheme Assets.
  - o Established and managed a data room for interested parties that includes detailed information in relation to the Scheme Assets.
- A number of parties are currently completing due diligence and final bids are expected in mid-December 2013.

### 2a(ii). Joint sale process with Gunns Receivers

- GPL and the Gunns Receivers agreed to a joint sale process for assets including:
  - o The Scheme Assets
  - o Tasmanian forestry estate land
  - o Road infrastructure
  - o Access to various sea ports and wood chipping facilities
  - o Gunns owned hardwood and softwood plantations located in Tasmania
  - o Fully operational forestry services business
  - o Opportunity to develop the Bell Bay pulp mill
  - o Various other Gunns assets  
(Together **Joint Assets**).
- GPL and the Gunns Receivers have agreed a basis for sharing the sale proceeds from the joint sale of the Joint Assets. Accordingly, both parties interests are aligned in ensuring value is maximised whilst ensuring that interested parties are not required to allocate between the various assets. In reaching this agreement, GPL were assisted by an independent forestry expert.

- The Gunns Receivers have engaged Moelis & Company (**Moelis**) as financial advisor to the joint sale process.
- Moelis has undertaken a marketing campaign for the Joint Assets and prepared an information memorandum and a data room including relevant information for interested parties and has called for expressions of interest by the end of this year.
- There has been significant interest to date from a range of parties including global forestry businesses.
- The joint sale process is complex, and is expected to continue into the first half of 2014.

## 2b. Approval of any sale of Scheme Assets

It is also important to note:

- The GPL Liquidators do not have to accept an offer for the Scheme Assets from either sales process if it is deemed not in the best interests of Growers.
- If the GPL Liquidators receive an offer for the Scheme Assets from either sales process that is in the best interests of Growers, they will apply to Court prior to completing any sale to obtain directions that they are justified in proceeding with the sale.
- If the offer is part of the parallel joint sales process, the GPL Liquidators will also seek directions from the Court in relation to the agreed basis for sharing the sale proceeds.
- Sale of the Scheme Assets will be conditional upon the GPL Liquidators obtaining these directions from the Court. Interested parties will have an opportunity to apply to participate in these proceedings.

## 3. Non Gunns owned GPL Woodlot Schemes land

We have also entered into a process in respect of Scheme Assets (trees) on approximately 10,000 hectares of land relating to the 2003, 2006, 2008 and 2009 GPL Schemes located on land owned by:

- Australian Executor Trustees Limited as trustee for the Australian Forest Plantations Trust (Receivers and Managers Appointed) (**AFPT**); and
- Wesley Vale Engineering Pty Ltd (in Liquidation)(Receivers and Managers Appointed) as trustee for the Australian Forest Plantations Trust Number 2 (Receivers and Managers Appointed) (**AFPT 2**).

Scheme Assets located on AFPT and APT 2 land are not subject to the sale process described in this Grower update. We will shortly be writing to Growers to provide details of the process relating to these assets.

We are also pursuing realisation options for GPL Scheme trees located on land leased by approximately 378 third party landowners that comprise approximately 25% of all GPL Scheme land.

We will be applying to the Court for directions that we are justified and acting reasonably and properly in entering into agreements with any of these landowners with whom we can reach agreement.

We will update Growers with any material developments.

#### 4. Next steps

The GPL Liquidators will continue to advance the sale process for the Scheme Assets and endeavour to keep Growers informed with relevant developments for both sale processes.

We will provide a further update to Growers in mid-December 2013.

#### 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	<a href="mailto:gunns.plantations@gunns.com.au">gunns.plantations@gunns.com.au</a>
PPB Advisory	(03) 9269 4160	<a href="mailto:gunns@ppbadvisory.com">gunns@ppbadvisory.com</a>

#### 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.*