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GUNNS PLANTATIONS LIMITED  
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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 – 22 December 2013 This update relates to Great Southern Plantations Schemes 1998 to 2006 (GSP Schemes)

### Sale process update

This communication updates you on:

1. **FIT Sale**
2. **Outcome of Court application in relation to FIT sale**
3. **Completion of FIT Sale and next steps**
4. **Realisation plan for the remaining GSP Scheme assets**

#### 1. FIT Sale

This update provides details of developments relevant to Grower Investors of the Great Southern Plantation Schemes 1998 to 2006 (**GSP Schemes**).

Growers will recall that our update on 9 November 2013, provided details of the contract with the Trust Company Australia as trustee for the Forestry Investment Trust (**FIT**) in respect of the majority of GSP Schemes trees (**FIT sale**).

The 9 November update also provided Growers with details of the potential returns per scheme based on a proposed allocation of proceeds from the FIT sale (**allocation of proceeds from sale**).

Importantly, our 9 November update identified that in order to complete the FIT sale, we would seek orders of the Supreme Court of Victoria (**the Court**):

- confirming that we were justified and acting reasonably and properly in entering into and performing the sale contract; and
- approving the basis for allocation of proceeds from sale.

This update provides details of the outcome of the Court application and details of the next steps ahead of the distribution of sale proceeds to stakeholders.

#### 2. Outcome of Court application in relation to FIT Sale

On 16 December 2013, the Court made orders confirming that we are justified and acting reasonably and properly in entering into and performing the sale contract on the basis that upon any completion of the FIT sale, the proceeds from settlement be held by the Liquidators on trust, pending approval by the Court as to allocation among the various schemes (**Court allocation process**).

The Court has therefore approved us completing the FIT Sale. A separate process will be undertaken to seek approval of the allocation of the proceeds between the Schemes. A copy of the Court orders may be obtained from [www.ppbadvisory.com](http://www.ppbadvisory.com) and [www.abl.com.au](http://www.abl.com.au).

We had asked the Court to approve an allocation of the sale proceeds in accordance with that set out in the sale contract. The sale contract allocation had been reached following input from FIT (for the purchaser) and from URS (the independent expert). A midpoint allocation (the average of these two inputs) was then agreed.

This allocation ensured a return for all growers after expected costs and the lien over scheme assets held by the Receivers of GPL had been paid. We submitted that under the circumstances this was the fairest outcome for all growers.

However, the Court was concerned that:

1. as the basis for allocation was determined by the Liquidators, issues such as the Liquidators' own outstanding costs and the need to obtain a release of the lien held by the Receivers may drive the basis for allocation.
2. parties with an interest in the allocation (such as growers) may not adequately be aware of the basis for allocation or the interest the Liquidators may have in the allocation.
3. there was insufficient representation at the Court hearing for parties that may have an interest in the allocation (we note a grower with a substantial interest in the 1998 to 2003 Schemes was represented in Court, but growers in relation to 2004 to 2006 Schemes were not represented).
4. as the application was urgent (the terms of the FIT Sale required completion on or before 31 December 2013), parties with an interest in the allocation may not have been given sufficient time to make submissions to the Court.

In order to resolve these concerns, the Court has ordered that the sale proceeds be held in trust by the Liquidators pending further orders of the Court.

We fully support an allocation process which is approved by the Court and in which Growers have the opportunity to fully participate.

Details of the further Court allocation process are currently being developed (such as when this will happen, how interested parties may be represented and the process that will be followed).

### 3. Completion of FIT Sale and next steps

We are pleased to confirm that on 20 December 2013 the FIT Sale completed.

We will shortly be writing to Growers (via an update):

- setting out in detail the timing and what is involved in the Court allocation process
- how interested parties may be represented and the process that will be followed

### 4. Realisation plan for the remaining GSP Schemes assets

Approximately 14,000 Ha of GSP Scheme trees (out of a total 120,000 Ha) were not subject to the FIT sale. These trees are located on land leased by approximately 60 separate landowners.

As previously advised, a number of these landowners have made offers to purchase GSP Schemes assets located on their land (**Landowner Sales**).

The GPL Liquidators are seeking orders of the Court that they are justified and acting reasonably and properly in entering into agreements with any landowners with whom they can reach agreement. The hearing of this application has been adjourned until February 2014.

It is expected that, if the Court approves the proposed sale process, the Liquidators will be in a position to complete a number of Landowner Sales during the first half of 2014.

Progress on Landowner Sales will be provided in our Grower updates.

## Further questions?

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

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### 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.*