

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 – 26 November 2015

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

(Excludes the Great Southern Schemes and all other GPL Woodlot Schemes)

This communication updates you on:

1. Main issues impacting the progress of distribution
2. Other matters
3. Next steps

In conjunction with this update please refer to the update to Growers dated 17 September 2015 available at:

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

1. Main issues impacting progress of distribution

Growers will recall there are two substantial issues that need to be resolved before any distribution may occur (discussed below). Both these issues are very complex and are taking time to resolve.

However, recent material progress has been made on both and we hope to be in a position to confirm the process for determination of both the Taxation Treatment and Landowner Claims over the coming month. This could pave the way for the distribution process to commence on or around March 2016.

i) Taxation compliance

A determination by the ATO of the treatment of scheme funds that have been realised (**Taxation Treatment**) is required.

This determination includes clarification from the ATO on whether funds realised:

- are taxable in the hands of the Responsible Entity (**RE**)
- are taxable in the hands of Growers (and if so, in what financial year is it assessable)
- attract GST and if so, how it will be paid.

As outlined in the Grower update dated 17 September 2015, we engaged taxation experts PricewaterhouseCoopers (**PwC**) to assist with tax compliance requirements.

ii) Competing claims determination

The competing claims are predominately made up of Landowner claims for unpaid past and future rent (**Landowner Claims**).

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.

Resolution is important, as for many schemes, landowners assert that unpaid rent is a liability of the scheme that needs to be met before a distribution can be made to Growers.

If the Landowner Claims are valid, then funds available to investors will be materially diluted.

As noted earlier, recent material progress has been made on both these issues with a determination of both to be made over the coming month.

2. Other matters

Other matters that are also progressing are (**Other Matters**):

- i. GPL 2002 to 2004, 2006 and 2008 Schemes: determining the beneficiaries of custodian account funds – we are close to a resolution (refer to section 7 of the Explanatory Notice dated 15 May 2015).
- ii. GPL 2002 to 2006, 2008 and 2009 Schemes: confiscation of Scheme trees by Forestry Tasmania (**FT**) without compensation. We have not received an acceptable resolution proposal by FT and are therefore considering legal remedies.
- iii. All Schemes: cost application for Liquidation costs, including future costs to finalisation – we are close to submitting this application to Court. This will not hold up a distribution to Growers.

In the event the Other Matters are not resolved prior to resolution of the Taxation Treatment and Landowner Claims, we plan to progress with an interim distribution, with a final distribution at a later stage.

3. Next steps

A more detailed update will be provided to Growers once we have resolution of the Tax Compliance and Landowner Claims issues.

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