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(Receivers & Managers Appointed)  
(In Liquidation) (GPL)

GUNNS PLANTATIONS LIMITED  
ABN 36 091 232 209  
AFSL NO. 238701  
(Receivers & Managers Appointed) (In Liquidation) (GPL)

A WHOLLY OWNED SUBSIDIARY OF GUNNS LIMITED  
ABN 29 009 478 148  
(Receivers & Managers Appointed) (In Liquidation)(Gunns)

## Grower update – 29 April 2015

### This update relates to Gunns Plantations Woodlot Schemes Option 3 of the 2006, 2008 and 2009 Schemes (“Option 3 Schemes”)

### Option 3 Schemes sale process update and Supreme Court of Victoria (Court) Proceeding Update

This update excludes:

- i. all the Great Southern Schemes
- ii. all the 2000 to 2005 GPL Woodlot Schemes
- iii. Options 1 and 2 of the 2006, 2008 and 2009 GPL Woodlot Schemes

This update provides Growers in the Option 3 Schemes (for the 2006, 2008 and 2009 GPL Woodlot Schemes) with information relating to the sale process of scheme assets (trees), including:

1. Summary of the sale of assets (trees) of the Option 3 Schemes
2. Background to the sale
3. Court Approval Process

#### 1. Summary of the sale of assets (trees) of the Option 3 Schemes

Growers are informed that we will shortly make an application to the Supreme Court of Victoria (**the Court**) seeking directions that we are justified and otherwise acting reasonably and properly in:

- terminating, relinquishing or surrendering the rights of Growers as contemplated under a Sale Process Deed (**SPD**) in return for an agreed allocation of proceeds to the Option 3 Schemes (**Scheme Proceeds**) from the sale of assets sold jointly with Gunns assets (refer section 2 below)
- allocating proceeds due under the sale between the Option 3 Schemes in proportion to the value of the scheme assets as determined by URS Australia Pty Ltd (**URS**) (being an independent forestry expert)
- distributing the proceeds allocated to each of the Option 3 growers in proportion to their holdings.

Total proceeds available to the Option 3 Schemes will be in the order of **\$1.45m** (net of GST but before applicable costs). This value compares favourably having regard to:

- the likely value as identified by URS
- our assessment of the value of the trees (based on market enquires)
- the material risks associated with the scheme assets.

#### 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. Background to the sale of Option 3 Scheme assets

Growers will recall during the course of last year, we obtained orders from the Court in relation to the sale of scheme assets (approximately 54,000 hectares of trees) associated with the Tasmanian Forestry Estate (**TFE**). The TFE sale included some Option 3 Schemes trees which were located in Tasmania.

However, the majority of the Option 3 Schemes trees, being 1,500 hectares located on land owned by Gunns in the Tumbarumba region of New South Wales (**the Tumbarumba Scheme Trees**) were excluded from the sale. The Tumbarumba Scheme Trees were excluded from the TFE sale given their location in NSW.

A separate agreement was reached with the receivers and managers of Gunns (**Receivers**) provided for the joint sale (**Joint Sale**) of assets (collectively referred to as the **Tumbarumba Estate**), including:

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

The process for the Joint Sale of the Tumbarumba Estate was set out in a sale process deed (**SPD**). The SPD provided for:

- 15% of the net sale price (less direct sale expenditure) for the Tumbarumba Estate to be paid to the Option 3 Schemes
- waiver by the Receivers of certain claims for unpaid rent, maintenance, fees and other claims
- a floor price, below which the liquidators could opt out of the SPD
- the sale of the Tumbarumba Trees to be conditional upon the liquidators obtaining directions from the Court that they are justified and otherwise acting reasonably and properly in extinguishing grower rights to allow completion of the sale of the Tumbarumba Estate
- the liquidators having regard to the duties of the GPL to act in the best interest of each of the scheme members.

On 11 March 2015, the Tumbarumba Estate was sold for \$9.7m (net of GST but before sale costs), resulting in an allocation of **\$1.45m** (net of GST but before applicable costs) for the Tumbarumba Scheme Trees (**Scheme Proceeds**).

We are satisfied that this outcome is in the best interest of the scheme members, having regard to

- the value obtained for the Tumbarumba Trees by the Joint Sale exceeding the assessment of the transaction value by URS
- our assessment of the value of the trees (based on market enquires)
- the material risks associated with the scheme assets, noting the landlord (Gunns) had asserted that the leases were in default, at risk of termination and incapable of assignment.

### 3. Court Approval Process

An interlocutory process will shortly be lodged with the Court. This commences the Liquidators' application seeking directions that we are justified and otherwise acting reasonable and properly in:

- terminating, relinquishing or surrendering the rights of Growers as contemplated under the SPD in return for an agreed allocation of proceeds to the schemes from the sale of the joint assets (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 URS
- distributing the proceeds allocated to each Option 3 Scheme between the Option 3 growers in proportion to their holdings.

A copy of this application will be provided to a number of parties including:

- Australian Securities and Investment Commission
- Committee of Inspection (a representative body for Creditors of GPL)
- Grower Committee (a representative body for some Growers of GPL)
- Gunns Grower Group and their solicitors
- Gunns Receivers and their solicitors
- the purchaser of the Tumberumba Estate and their solicitors.

We expect that at the first Court hearing in relation to this application, the Court will establish a timetable for determining this matter.

You will have an opportunity to comment, support or object to the Sale Agreement once all relevant documentation has been lodged with the Court.

A further update will be provided to Growers once the application has been made and the Court timetable has been established.

You are not required to attend or appear at the Court hearing. However, you may wish to attend or appear at the Court hearing, seek independent legal advice and/or obtain representation at that hearing. If you do so, any legal or other costs of doing so will be at your own expense unless the Court orders otherwise.

Your comments, support or objections will be summarised and provided to the Court. We will keep you informed of future developments regarding the Sale Agreement and the Court hearing date.

Depending on the level of Grower interest in participating in the hearing, we may ask the Court to appoint parties to appear and advocate on behalf of different Grower interests.

We will keep you informed of future developments regarding the Court Proceeding.

#### Further questions?

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

Contact	Phone Number	Email Address
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