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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 09 478 148
(Receivers & Managers Appointed) (In Liquidation) (Gunns)

Grower update – 29 May 2015

This update relates to Gunns Plantations Woodlot Schemes 2006, 2008 and 2009 (Option 3) (GPL Schemes)

GPL Woodlot Schemes sale process update and Supreme Court of Victoria (Court) Proceeding Update

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

This update provides GPL Scheme Growers with information relating to the sale process for the GPL Scheme assets, including:

1. Update on Court Approval Process
2. Grower participation
3. Allocation of sale proceeds from the Joint Sale
4. Competing claims
5. Costs associated with Proposal

As noted in our prior Grower Update dated 29 April 2015, we advised Growers of a the sale for the sum of \$1.45m (net of GST but before applicable costs) of approximately 1,518 hectares of 2006, 2008 and 2009 (Option 3) GPL Scheme trees (**Scheme Assets**) in a joint process with the Receivers and managers (**Receivers**) of the Gunns Group of companies (**Gunns**).

1. Update on Court Approval Process

On 19 May 2015, the Liquidators lodged an interlocutory process with the Court.

This commenced the Liquidators' application seeking directions from the Court (**Tumbarumba Application**) in relation to the proposed sale, allocation and distribution of the proceeds of sale of trees of the Gunns Woodlot (Third Option) Schemes (**Proposal**). Obtaining the Court directions is a condition of the joint sale with the Receivers (**Joint Sale**).

A copy of this interlocutory process was provided to the following parties:

- Australian Securities and Investments 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 and their solicitors.

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.

At the Court directions hearings held on 19 May 2015, the following timetable was set:

Date	Event
12 June 2015	<ul style="list-style-type: none">Parties interested in participating in the hearing file a notice of appearance and affidavit (evidence)Liquidators file evidence of Grower responses received
19 June 2015	Directions hearing before the Court
26 June 2015	Liquidators file submissions and any further affidavits
10 July 2015	Interested parties file submissions
24 July 2015	All parties file any submissions in reply
29 July 2015	Liquidators file evidence of Grower responses received (additional to those filed on 12 June 2015)
30 July 2015	Hearing

The Court Proceeding will be conducted at the Supreme Court of Victoria. The interlocutory process and affidavit of Daniel Mathew Bryant filed in the Proceeding, and the orders made by the Honourable Justice Judd on 22 May 2015 (together, the **Court Documents**), in relation to the Tumbarumba Application are available on the following websites:

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

2. Grower participation

As set out in the update dated 29 April 2015, Growers will have the opportunity to submit their comments, support and objections on the Tumbarumba Application, which will be summarised and provided to the Court.

A telephone hotline facility and an email facility will be available to allow Growers to:

- comment on the Proposal
- ask questions and obtain further information on the Proposal.

If you wish to support or object to the Proposal, you should call the telephone hotline on (03) 9269 4160 or by email gunns@ppbadvisory.com **as soon as possible before 29 July 2015**.

At the hearing of the Tumbarumba Application, the RE will disclose to the Court all comments, support or objections they have received from Growers prior to the hearing. Personal details will be kept confidential subject to any orders of the Court. Any such comments, support or objections will be considered by the Court in the context of determining whether the Proposal should be approved.

It is important that you read the Court Documents carefully as, if approved by the Court, the Proposal will affect your rights and entitlements as a grower investor.

3. Allocation of sale proceeds from the Joint Sale

In addition to seeking directions regarding the Surrender of Growers' Rights pursuant to the Sale Process Deed, the GPL Liquidators are also seeking directions that the Joint Sale proceeds of the relevant GPL Schemes are allocated in:

- proportion to the relative market value of the trees in each scheme in accordance with the URS Allocation dated 24 April 2015
- proportion to the number of hectares held by each Grower within a Scheme.

Table 1: Summary of the URS Allocation

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

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

These proceeds are additional to the proceeds 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

Following allocation of the proceeds between the relevant schemes, the GPL Liquidators intend to hold those proceeds on trust, to be pooled with other scheme proceeds of sale and distributed, following the deduction of any scheme costs incurred, at the one time. These matters will be the subject of a further court application by the GPL Liquidators (further details of which are set out below).

4. 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.

The Tumbarumba Application will not assess the merits of the competing claims to these funds (e.g. landowner claims for accrued or future rent), it will only determine what funds are allocated to which Scheme Options. Competing claims will either need to be resolved commercially or via a further Court proceeding.

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 Table 1 do not incorporate estimates of potential claims against the Scheme property.**

5. 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.

These Scheme Costs are payable in priority to any payment to Growers.

Approval for these allocations has been obtained, or will be sought, from the Court prior to any payment of these costs from the Scheme Proceeds.

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	gunns.plantations@gunns.com.au
PPB Advisory	(03) 9269 4160	gunns@ppbadvisory.com