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GUNNS PLANTATIONS LIMITED  
ABN 36 091 232 209  
AFSL NO. 238701

A WHOLLY OWNED SUBSIDIARY OF GUNNS LIMITED  
ABN 29 09 478 148

5 April 2013

Dear Grower

### **Gunns Plantations Woodlot Projects 2000 and 2001**

You will have received correspondence recently in relation to a meeting of growers to be held on 11 April 2013.

There are a number of important factors for you to consider in relation to the proposed meetings, many of which render the proposed meetings unnecessary:

- **The Liquidators of the current responsible entity, Gunns Plantations Limited (in liquidation) (receivers and managers appointed) (“GPL”) have already taken steps to remove the risk that the head leases will be terminated.** Primary Securities Ltd has stated that the meeting has been called because of the risk that the landlord of the head leases of the land on which the Projects are conducted, Gunns Limited (in liquidation) (receivers and managers appointed) (“**Landlord**”) will terminate those head leases. The Landlord has agreed with the current responsible entity not to take any steps to terminate the head leases while agreed steps are being taken. This is explained in more detail below.
- **Primary Securities is not actually willing, at this time, to become the responsible entity.** Primary Securities’ letter of 27 March 2013 indicates that the resolutions to effect the appointment of Primary Securities as responsible entity will be adjourned until a later date, as Primary Securities is not currently willing to accept all the obligations and liabilities of the responsible entity, nor does it currently hold an Australian Financial Services Licence capable of allowing it to operate the Projects.
- **The interim agency agreement does not limit a grower’s liability for the actions taken by Primary Securities.** Under the interim agency agreement, Primary Securities can commence legal proceedings on behalf of a grower. It is important to note that these proceedings will need to be brought in the name of each participating grower, not Primary Securities. Accordingly, if these legal proceedings are unsuccessful, each participating grower may be liable for the costs of the other parties. In a number of recent cases concerning managed investment schemes, individual growers in whose names legal proceedings have been conducted have been ordered to pay the costs of the other parties. **Growers should seek their own legal advice in relation to their potential liability under the interim agency agreement.**

- **The only resolution to be put to the meeting is to amend the constitution, but all but one of the amendments will not take effect unless Primary Securities is appointed responsible entity at some later stage.** It is therefore not necessary to amend the constitution at this time as there is no certainty that Primary Securities will ever be appointed responsible entity. In addition, it would still be necessary to convene a second meeting of growers to vote on a resolution to appoint Primary Securities as responsible entity.
- **The meeting has been convened by larger growers in conjunction with Primary Securities Ltd.** We understand that a single grower in each Project holding more than 5% of the interests in the Project has convened the meeting.
- **The only amendment that would become effective immediately is to provide an election to growers that will not be practicable for, or in the best interests of, most smaller growers.** It may however benefit individual larger growers, such as the growers who have convened the meeting. The only amendment that would become effective immediately is an amendment that allows a grower to elect to manage and harvest the trees growing on their Woodlots themselves. Most smaller growers will not be able to take up this option. ***The impact on growers of this amendment has not been explained by Primary Securities.*** Currently, all growers share pro rata in the proceeds of all trees. However, if a grower makes this election, the proceeds of the harvest of those trees are removed from the pool available to all growers and are retained by the electing grower, who no longer participates in the pool. This may impact adversely on the returns received by the other growers
- **The proposed amendments increase the fees that are payable by growers.** If growers do not pay the increased fees, the grower's woodlots may be forfeited. In particular, failure to pay the Reconstruction Fee (\$200 per woodlot) or any part of it, which is to be paid by growers who do not otherwise appoint Primary Securities as their agent, can cause a grower to be in default, and may result in forfeiture and sale of that grower's woodlots at a price determined by Primary Securities (as responsible entity).
- **The proposed amendments significantly expand the powers that Primary Securities will have as responsible entity.** The extent and reasons for these expanded powers, which includes a power to borrow on the security of scheme assets (currently prohibited), are not fully explained.
- **The proposed amendments may constitute an event of default under the growers' loans.** Many growers borrowed funds at the time of making their initial investment. The proposed amendments to the constitution, leases and management agreements may constitute an event of default under the terms of the growers' loans. ***Growers should seek their own legal and financial advice in relation to the impact on their loans.***
- **It is not clear whether the proposed amendments will have an effect on the tax position of growers.** Primary Securities has not provided growers with any indication of any possible impact of the proposed amendments on the tax applicable to the Projects. ***Growers should seek their own taxation advice in relation to the impact on their tax position***

In light of the above matters and the serious concerns that GPL holds regarding the validity of the Notices Of Meeting and the convening of the meetings, GPL has today written to Primary Securities inviting it to cancel the meetings until such time as growers can be properly and fully informed as to what is proposed, and to obtain appropriate advice.

### Arrangements in relation to the head leases

GPL considers that it is in the best interests of growers that the market value of the growers' interests in the Projects now be realised as part of an orderly sale process. In this context, an important consideration will be ensuring that the growers' interests can be sold as part of an overall sale of the Gunns Tasmanian Forestry Estate.

Accordingly, GPL has recently reached agreement with the Landlord to conduct a joint sale campaign to sell the land and trees. Proceeds of any sale will be apportioned so that growers receive the net proceeds of sale referable to their trees. To enable the sale process to be conducted, GPL will apply to the Court for approval for the amendment of the constitution to include a power of sale. Growers will have the opportunity to appear and present any objections at the hearing of the application.

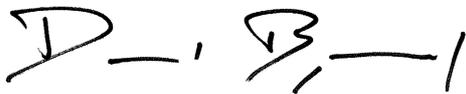
Importantly, the Landlord has agreed not to terminate the head leases as a result of the alleged defaults or otherwise, provided that GPL continues to be the responsible entity of the Projects and GPL and the Liquidators are continuing to take the agreed steps in relation to the sale campaign.

Further, the receivers and managers of Gunns Finance Limited (in liquidation)(receivers and managers appointed) ("**GFL**") have agreed to provide a proposal to all growers in the Projects who have grower loans with GFL whereby the sale of the Gunns Tasmanian Forestry Estate will not of itself constitute an event of default under those loans, subject to GFL receiving the net proceeds of sale referable to that grower's interest (up to the amount owing by that grower to GFL). GFL will write to growers separately in relation to this proposal.

GPL considers this course of action is in the best interests of growers as it enables growers to realise value from their interests while removing the risk of growers' interests being adversely affected as a result of the potential termination of the head leases, as well as protecting growers from the risk of their loans becoming immediately repayable.

Any proposed sale of the land and the trees will be subject to Court approval. Again, growers will be able to appear and object at the hearing of the application for approval.

Yours sincerely

Handwritten signature of Daniel Bryant, consisting of a stylized 'D' followed by a horizontal line, a comma, a stylized 'B', another horizontal line, and a final vertical stroke.

Daniel Bryant  
Liquidator  
Gunns Plantations Limited