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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 – 5 September 2013

This update relates to Great Southern Plantations Schemes 1998 to 2006 (GSP Schemes)

Sale process and Insurance update

This communication updates you on:

1. **Progress on the GSP Schemes sale process**
2. **Next steps in the sale process, including:**
 - a. **negotiating and executing an asset sale agreement**
 - b. **a Supreme Court of Victoria (the Court) application to approve the sale**
3. **Frequently asked questions related to the sale process**
4. **Grower insurance**

1. Sale process update

Following the completion of the sale process and the receipt of final bids on 15 July 2013, GPL's Liquidators have selected a preferred bidder in respect of the majority of the GSP Schemes assets. We have arrived at this point after the following key steps:

Date	Action	Key points
May-13	Pre-sale activity	<p>Key steps included:</p> <ul style="list-style-type: none"> • identification of and initial discussions with potential purchasers • advertising in national and international publications • preparation of an interested parties pack • preparation of a data room.
Jun-13	Obtained expressions of interest	<p>Interest was received from a number of parties including:</p> <ul style="list-style-type: none"> • timber investment management organisations • pulp and woodchip traders • financial investors.
Jun / Jul-13	Bidders conducted due diligence	<p>Information in data room allowed potential bidders to:</p> <ul style="list-style-type: none"> • assess the value of the tree-crop • construct wood-flow financial models • conduct legal due diligence. <p>Potential bidders had the opportunity to undertake site visits and meet with forestry staff.</p>
15-Jul-13	Bidders provided a conforming offer	A number of conforming offers were received.
19-Jul-13	Preferred bidder selected	A preferred bidder was selected following consideration of selection criteria that included economic outcomes, ability to complete the purchase and conditions analysis.

GPL's Liquidators are continuing to work closely with the preferred bidder with the aim of executing an asset sale agreement in the coming weeks. Details of the sale outcome (including the preferred bidder's headline price) remain confidential and cannot be disclosed at this stage.

2. Next steps in the sale process

Once an asset sale agreement has been executed, we will apply to the Court for approval of the sale.

The key milestones and estimated completion dates are:

Expected completion	Action
September 2013	Complete contract negotiation and execution of asset sale agreement
September 2013	Submit an application to Court to approve the sale
November 2013	Court application for approval of the sale

We are also currently pursuing realisation options for the trees not subject to the offer by the preferred bidder. This involves approximately 14,000 Ha GSP Schemes trees (out of a total 118,000 Ha).

3. Frequently asked questions related to the sale process

1. When will I receive a distribution?

Distributions to Growers are likely to occur at least 6 months following receipt of funds from the purchaser (we will need to settle any claims against sale proceeds before any distributions are made).

Timing on the receipt of funds is dependent on when we can be heard in Court to approve the sale. Realistically, we do not expect to be in receipt of funds until at least late 2013.

Once we are in receipt of funds we will need to obtain Court approval for GSP Schemes related costs and adjudicate any competing claims to the sale funds (e.g. Scheme liabilities).

2. How much should I expect to receive?

We are unable to provide guidance on the likelihood and magnitude of any Grower returns at this stage.

Once we have obtained Court approval for GSP Schemes related costs and have adjudicated competing claims we will be able to provide Growers with further guidance. Note the potential for a return is likely to vary across the individual GSP Schemes.

3. What arrangements will be in place for my Grower loan in the interim?

Please speak to your finance provider to establish the arrangements for your Grower loan.

4. Grower insurance

Growers may be aware that your woodlot insurance (where applicable) is due to expire on 30 September 2013.

We note that in October 2012 we coordinated the placement of woodlot insurance on behalf of Growers (in our capacity as then administrators of GPL). Overall Grower response to this process was low with less than 35% taking up the "opt in" insurance option.

Note the preferred bidder has agreed to fund maintenance of the plantations that they are interested in acquiring (i.e. does not cover all Grower trees).

We are endeavouring to coordinate renewal options for Growers with relevant insurance providers. At the time of writing, this work is on-going and there remains the possibility that potential insurance providers may:

1. decline to extend insurance cover
2. vary the terms / arrangements on which insurance is made available to Growers
3. not accept insurance renewals until after 30 September (in which case there may be a period during which growers are not covered for insurable risk before finalisation of the sale).

Growers are responsible for maintaining insurance over their trees. Whilst GPL will endeavour to arrange an offer of insurance for Growers, GPL and the Liquidators are not responsible for any losses arising as a result of the trees not being insured.

Options that Growers may wish to consider include:

1. Await the outcome of the Liquidators' process in coordinating insurance cover and then decide whether or not to "opt in" (noting the above).
2. Arrange for your own insurance cover.
3. Elect not to obtain insurance cover.

Ultimately, Growers will need to decide, having regard to their own circumstance and risk appetite, as to which option to pursue. In doing so, Growers may wish to consider obtaining their own independent advice.

We intend to communicate an update as to the status of insurance related issues to Growers in the coming weeks.

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

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.