

REGISTERED OFFICE
233B CHARLES STREET, LAUNCESTON, TAS 7250
PO BOX 588, LAUNCESTON, TAS 7250
TELEPHONE +61 3 6335 5290
FACSIMILE +61 3 6333 0646



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 – 9 November 2013

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

Sale process update

This communication updates you on:

1. **This Update**
2. **Progress on the GSP Schemes sale process**
3. **Next steps in the sale process, including:**
 - a. **a Supreme Court of Victoria (the Court) application to give directions in relation to the sale**
 - b. **realisation plan for the remaining GSP Schemes assets**
4. **Frequently asked questions related to the sale process**

1. This Update

This update replaces and Grower update issued on 7 November 2013.

We have done this to address some confusion being experienced on how the estimated returns to growers (see table below) worked. We have now simplified the table, but it is important to remember this estimate may alter. We discuss this in detail at section 4.

2. Sale process update

Further to our update on 5 September 2013, GPL's Liquidators have recently signed a contract of sale with the Trust Company Australia as trustee for the Forestry Investment Trust (**FIT**) in respect of the majority of GSP Schemes trees (approximately 106,000 Ha out of an approximate total 120,000 Ha) (**FIT sale**). This contract is conditional on obtaining directions from the Court that we are justified and acting reasonably and properly in entering into and performing the sale contract.

FIT is an investment fund whose assets are managed by New Forests (a global integrated forestry business). FIT is also the owner of the land on which the tree plantations being acquired are located.

Details of the FIT sale (including the agreed sale price) remain confidential and cannot be disclosed.

3. Next steps in the sale process

3a. Court application for directions

Now that a sale agreement has been executed for the GSP Schemes assets, we have recently applied to the Court for orders that we are justified and acting reasonably and properly in entering into and performing the sale contract. If this order is obtained the key remaining condition to the sale will be satisfied and the sale can be completed.

The key milestones and estimated completion dates are:

Milestone	Action
6 November 2013	Application to Court for directions submitted
November / December 2013	Court hearing
December 2013 / January 2014	Sale settlement / funds payable by purchaser

We have requested the Court hear this application urgently and prior to the Court closing from 20 December through to 1 February 2014. The sale contract is scheduled to settle 14 days following the Court's orders.

3b. Realisation plan for the remaining GSP Schemes assets

We are pursuing realisation options for the trees not subject to the FIT sale. This involves approximately 14,000 Ha of GSP Schemes trees (out of a total 120,000 Ha) located on land leased by approximately 60 separate landowners.

Offers have been received from a number of landowners interested in purchasing the GSP Scheme assets located on their land. We will also be applying to the Court for directions that we are justified and acting reasonably and properly in entering into agreements with these landowners and with any other landowners with whom we can reach agreement.

We will update Growers with any material developments.

4. Questions related to the sale process

1. When will I receive a distribution?

Distributions to Growers are likely to occur at least 6 months after receipt of funds from the purchaser.

Note the GSP Schemes have over 30,000 growers, therefore any distribution will be a complex and timely process. Specifically, before making a distribution we will need to:

- obtain orders from the Court for GSP Schemes related costs. Note we are seeking orders in respect of our GSP Scheme related costs as at 31 October 2013 as part of the current application to the Court
- confirm Grower details (e.g. financing arrangements, ABN, TFN)
- adjudicate any competing claims to the sale funds (e.g. any priority claims from other creditors, including landowners and from financiers where Growers have financed their investment by loan). The Court may also be required to adjudicate competing claims.

Every effort will be made to distribute funds as soon as possible.

2. What are the costs and liens to be deducted from the sale proceeds?

Costs of the GSP Schemes include:

- professional costs for the administration and liquidation period
- legal costs
- maintenance costs
- other third party costs (e.g. independent valuer).

Additionally, a lien will be deducted (totalling \$5 million) relating to the costs incurred by the previous receivers and managers of Great Southern during its first insolvency. This pre-appointment lien was acquired by GPL from the Receivers and Managers of Great Southern upon GPL becoming Responsible Entity of the GSP Schemes in 2010.

3. How much should I expect to receive?

Our initial indicative estimate of returns to Growers (net of costs and liens) are as follows:

GSP Schemes	Estimated return Per Woodlot (\$)
GSP 1998	6.07
GSP 1999	3.09
GSP 2000	21.58
GSP 2001	58.17
GSP 2002	369.57
GSP 2003	299.67
GSP 2004	6.29
GSP 2005	9.92
GSP 2006	4.95

Note this is preliminary estimate only. The returns estimated above could vary due to various factors including:

- future professional and legal costs may be higher if there are delays (i.e. if the sale does not settle in December 2013)
- future maintenance cost may increase if GPL needs to respond to fire related incidents or if there are settlement delays. FIT has only agreed to fund the estimated standard maintenance costs up to 31 December 2013 (refer to question 7 below), which excludes fire response
- the Court may direct that the method of allocating the FIT sale proceeds change from that discussed in question 4 below
- competing claims to these proceeds may arise (e.g. Grower loan financiers, landlord claims for unpaid rent)
- any costs associated with distributing the funds are not included in this estimate and will be determined post any settlement

4. How was the sale proceeds allocated across the individual GSP Schemes?

The gross sale price allocation between the GSP Schemes in the contract of sale has been reviewed and supported by an independent forestry expert. We have asked the Court to consider the method of allocation when providing its directions and orders.

5. Which Growers will share in the proceeds?

We intend that all Growers in an individual GSP Scheme will share in the net proceeds allocated to that GSP Scheme, regardless of whether their woodlots were on the land owned by FIT or on other land. This will include Growers whose woodlots were on land the subject of a head lease that has been terminated by the relevant landowner, whether as a result of the original collapse of the Great Southern Group or following the collapse of the Gunns Group. We have asked the Court to consider the intended sharing of net proceeds between all such Growers when providing its directions and orders. Amendment to this approach may alter the estimated return per woodlot in the table above.

6. Is the estimated return the only distribution I might receive?

The above estimated returns are only those from the FIT sale, it does not include:

- any potential returns from realising the remaining 14,000 Ha of trees not subject to the FIT sale (refer section 2b above)
- any distributions to Growers from funds held on trust relating to earlier harvest or insurance proceeds (approximately \$4.0m).

7. What arrangements are in place for maintenance in the period before the sale completion?

As part of the sale arrangements, FIT has agreed to fund certain maintenance works through to settlement of the contract of sale in respect of the tree plantations it is acquiring.

8. Can I object to the sale?

Growers will have the opportunity to be heard at the Court hearing. We remind Growers that there were no restructure proposals put forward for the GSP Schemes from the alternative RE process. The resulting contract of sale, derived from a competitive sale process, is therefore the only option currently available to Growers.

Copies of all relevant court documents can be obtained from www.ppbadvisory.com and www.abl.com.au. Growers should seek their own legal advice if they wish to be heard at the Court hearing.

9. Do I need to keep paying my Grower loan in the interim?

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

10. When should I expect to receive more information?

We will update Growers after the Court hearing has occurred. This is likely to be in late December 2013 or January 2014.

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.