



10 February 2010

Dear Grower,

Gunns Plantations Ltd (GPL) is pleased to announce that we have received approval from Growers to be appointed as the new Responsible Entity (RE) for the **1998-2006 Great Southern Managers Australia Limited (Great Southern) pulpwood schemes**.

On behalf of GPL management and staff, I would like to extend a warm welcome to Growers in the above schemes to the Gunns Limited (Gunns) group. Gunns and GPL head offices are both located in Launceston, Tasmania.

Our parent company, Gunns has been in the forestry and forest products business for over 130 years and is one of Australia's largest owners and managers of both hardwood and softwood plantations. Gunns' now manages over 330,000 ha of plantations for and on behalf of itself, institutional investors, investors in agricultural managed investment projects and joint venture partners.

Gunns' forest products business is extensive with veneer, sawmilling and woodchip export operations, in both hardwood and softwood, servicing both domestic and international markets. The group has timber manufacturing operations in the Green Triangle, Western Australia and Tasmania.

#### **Grower meeting outcomes**

As a consequence of Grower meetings held on 23<sup>rd</sup> December 2009 and 4<sup>th</sup> Jan 2010 (and subsequent court hearings), GPL took over as RE on the 31<sup>st</sup> December 2009 (1998 - 2005 schemes) and the 5<sup>th</sup> January 2010 (2006 scheme). Accordingly, GPL has become a party to the Grower agreements, such as land and management agreements.

No further action is required by Growers.

GPL will proceed to manage and administer the schemes, including meeting expenses required through to harvest, on the basis of the revised management fees and other changes to the schemes approved by Growers.

For full details of amendments to each scheme constitution, please refer to the scheme booklets mailed to you in December 2009, or alternatively you can visit our website at [www.gunns.com.au](http://www.gunns.com.au).

#### **The next stage in the implementation process**

The Gunns and GPL teams have been working hard over the Christmas/January period, however we still have substantial work to do in a number of key areas to finalise the transition of the Great Southern schemes to GPL.

## **1. Insurance**

Upon appointment as RE, GPL obtained insurance for all Growers' woodlots from Agricola Crop Insurance (Agricola) (apart from those who have already arranged their insurance with Agricola directly). We will be invoicing Growers for this compulsory insurance cost in the coming weeks.

## **2. Maintenance within Plantations**

Offers of employment have already been made to the ex-Great Southern forestry staff to assist in the ongoing maintenance of the plantations and detailed budgets have been prepared to enable expenditure on plantation management. This includes ongoing fire management, weed control, and outstanding maintenance that is required to encourage good plantation growth. This will be an ongoing process throughout this year and beyond.

## **3. Payment of outstanding lease payments**

Gunns has been working to rectify third party leases which have not been terminated at the time GPL became RE but where the Receivers suspended rental payments. These affect the 2004 and 2005 schemes. Outstanding lease payments will be made shortly in an endeavour to avoid termination by landowners and secure the land for the schemes.

As previously disclosed by the receiver, terminated leases no longer form part of the schemes. A separate circular will be sent to Growers whose woodlots were on terminated leases.

## **4. Transfer of Grower information to GPL**

The GPL administration team is currently in the process of transferring Grower information to the GPL administration system. This should be completed by the middle of February. If you have changed address or need to provide updated information to us, please send this through to [gunns.plantations@gunns.com.au](mailto:gunns.plantations@gunns.com.au)

## **5. Full audit of Plantations**

As part of the implementation process, Gunns has decided to conduct a thorough mapping and measurement exercise across the 1998-2006 plantation estate.

We estimate that this exercise will take approximately 90 days and we will report our findings to Growers once the full audit has been completed. The audit is anticipated to commence in the coming weeks. The information will not contain detailed forecast dollar returns to Growers, but will provide information on expected harvest volumes where your plantations are greater than 6 years of age and the current hardwood woodchip market information. NOTE: It is difficult to accurately predict the future volume of wood on a given area if the trees are less than 6 years of age and hence Growers whose trees were planted in 2004 and beyond may not be provided with the same information as Growers whose trees were planted prior to this time.

## **6. Communications**

Our goal is to commercially manage your plantations to industry best practice. We will provide you with further communications that are both general in nature and specific to your investment (ie annual Independent Forester's Reports and Annual Reports).

Also included you will find an Investor Details Form which we would like you to carefully check for both the details and correctness of the information it contains. The information it contains is what was passed across to us from the previous RE, Great Southern Managers Australia Limited, and in some cases it may be out of date. In the case of Companies, Trusts and Superfunds we need to have a primary contact person and their details.

**Given the large number of investors, the vast majority of our communication will be via electronic format and hence we would ask that you include your email address (if you have one) to make contact with you more efficient.**

Please return the form to:

- By Freecall facsimile 1800 703 323 marked Attention : Client Services, or
- By mail to:  
Gunns Plantations Ltd  
Attention : Client Services  
P.O Box 588  
Launceston,  
TASMANIA 7250

If you have any questions in regard to your investment, please contact your adviser or refer to the Frequently Asked Questions on the Gunns Website: [www.gunns.com.au](http://www.gunns.com.au) Alternatively you can contact us by email on [gunns.plantations@gunns.com.au](mailto:gunns.plantations@gunns.com.au) or phone us on freecall 1800 015 023.

Please note, that in relation to Great Southern schemes **other than** the 1998 – 2006 pulpwood forestry schemes, Great Southern continue to be the contact. They can be contacted on freecall 1800 258 348.

Once again, we warmly welcome you to the Gunns group and look forward to managing your plantation investments.

Yours faithfully,



Ian Blanden  
General Manager

*Attached: Investor Details Form*