



FREQUENTLY ASKED QUESTIONS

15th February 2010

KEY CONTACTS

IF YOU CAN'T FIND AN ANSWER TO YOUR QUESTION PLEASE USE THE CONTACTS BELOW:

EMAIL – gunns.plantations@gunns.com.au

GPL INFO HOTLINE – 1800 015 023

WEBSITE – www.gunns.com.au

1)	Is Gunns Plantations Ltd the new R.E of Great Southern?	Gunns Plantations Ltd (GPL) has received approval from Growers to be appointed as the new Responsible Entity (RE) for the 1998-2006 Great Southern Managers Limited (Great Southern) pulpwood schemes.
2)	What does this mean?	As a consequence of Grower meetings held on 23 rd December 2009 and 4 th January 2010 (and subsequent court hearings), GPL took over as RE on the 31 st December 2009 (1998-2005 schemes) and the 5 th January 2010 (2006 scheme). GPL has become a party to the Grower agreements, such as the land and management agreements.
3)	What action is required by Growers	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 charges to the schemes approved by Growers.
4)	What is a Responsible Entity?	A Responsible Entity ("R.E.") is an entity that manages a MIS. The R.E. is responsible for management of the fund and reporting to investors and the regulator. The function of a R.E. is governed by the Corporations Act and ASIC and the R.E. must generally hold an Australian Financial Services Licence.
5)	What is an MIS scheme?	A Managed Investment Scheme ("MIS") is a fund that is managed on behalf of investors by a manager, or Responsible Entity. Funds are generally pooled by the responsible entity and invested in the relevant asset class on behalf of investors. Types of MIS can vary from securities, to property, to forestry or agriculture projects. MIS schemes are intended to allow for smaller investments to be diversified and access traditionally capital intensive markets. MIS Schemes are generally registered with ASIC and issued Australian Registered Scheme Numbers (ARSNs).
6)	Insurance	Upon appointment as RE, GPL obtained insurance for all Growers' woodlots from Agricola Crop Insurance (Agricola), effective on 4 th January (apart from those who have already arranged their own insurance with Agricola directly). We will be invoicing Growers with the insurance costs in the coming weeks.
7)	Growers with woodlots located on land with terminated leases	Terminable and Terminated Leases 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 & 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 sent to Growers whose woodlots were on terminated leases.
		<p>Background to Termination of Leases</p> <p>On 18 September 2009, the Receivers wrote to Growers advising that they would not be able to pay rent due on 1 October 2009 in respect of certain lands due to lack of funding. On 30 September 2009, the Receivers wrote to third party landlords to cease the Receivers' rent liability under the leases.</p> <p>On 1 October 2009, the Tiwi Land Council terminated all head leases on the Tiwi Islands. The Receivers advised Growers shortly thereafter. In November 2009, five third party landlords also terminated their leases.</p>
		<p>Effect of termination of leases</p> <p>On 17 November 2009, the Receivers advised Growers that where a head lease had been terminated, the Grower's interest in their woodlot was automatically forfeited. The Receivers advised that affected Growers were no longer entitled to share in the net harvest proceeds from the Schemes.</p> <p>The status of these woodlots at the time when the Growers meetings were convened was also described in the booklets circulated to Growers by the Receivers.</p> <p>Growers who no longer have woodlots as the result of the lease terminations still have a right to be sent an Annual Independent Forester Report and Annual Reports until the relevant scheme has been concluded but they will not share in any harvest proceeds. To opt out of receiving future Annual Independent Forester Reports and Annual Reports please email us.</p>
8)	I am a grower in the 2007 GS scheme. Is GPL intending to make a formal offer for this scheme?	The 2007 Great Southern Pulpwood Schemes in its current form is not viable for Gunns (GPL). Gunns are continuing to evaluate the scheme but hold little hope of being able to resurrect the schemes without significant financial input.
9)	I am a grower in the 2008 GS scheme. Is GPL intending to make a formal offer for this scheme?	The 2008 Great Southern Pulpwood Schemes in its current form is not viable for Gunns (GPL). Gunns are continuing to evaluate the scheme but hold little hope of being able to resurrect the schemes without significant financial input.
10)	Is there any conflict in Gunns selling my wood and also a large amount of their own wood?	The interests of Growers and Gunns are aligned, in that both Gunns Plantations and Growers receive a portion of total Net Proceeds of Sale. By maximising the total amount received upon harvest, both parties stand to benefit.

		Gunns run other managed investment schemes and take very seriously the obligation under the Corporations Act to conduct the operations in the best interests of the Growers.
11)	Is the wood from these Schemes going to be used in the pulp mill? Would that be good or bad for the price I might get?	The development of the pulp mill will require the supply of over 3 million tonnes of green wood per annum which should be positive for demand for wood.
12)	How will Gunns' afford the ongoing rent and maintenance costs of the Schemes?	Gunns would fund the costs of managing the plantations and operating the Schemes through to harvest from internally generated cash flows.
13)	How much money will Gunns have to pay to see the Schemes through to harvest?	In its proposed role as Responsible Entity, Gunns Plantations would incur an estimated aggregate cost of approximately \$100 million gross cash operating costs up to and including the year of harvest of the timber spread across a period of approximately 11 years.
14)	How do I know Gunns will put in enough resources to properly look after my wood?	Gunns is experienced in the management and operation of MIS plantations in the forestry sector. The interests of Growers and Gunns are aligned, in that both Gunns Plantations and Growers receive a portion of total Net Proceeds of Sale. By maximising the total amount received upon harvest, both parties stand to benefit.
15)	Harvesting schedule extension? (10 years to 13y and 6 months)	We believe it is in the Grower's best interests, and in accordance with good silvicultural practice, to maintain eucalypt pulpwood plantations to 13 years of age such that the plantations provide a commercially optimal yield of pulplogs. We are currently undertaking a comprehensive inventory of the entire plantation estate for each of the schemes for which GPL has replaced GSMAL as responsible entity, in order to assess the progress (to date) of the plantations and also, for all plantations over six years of age, begin a meaningful analysis of growth rates and yield expectations of the plantations so that we can notify growers of the performance and expected yields.
16)	What happens to the existing Maintenance Reserve Fund?	The 1998 to 2003 Schemes inclusive have a maintenance reserve fund. Gunns Plantations has established a new maintenance reserve guarantee for the 1998 to 2003 schemes to the same value as we were notified by McGrath Nicol when Gunns Plantations was appointed as RE but will not be obliged to contribute further funds.

17)	Are there be any taxation implications with GPL being the new R.E	The ATO has provided on their website (www.ato.gov.au) some frequently asked questions about the taxation consequences for Growers involved in Great Southern Limited Managed Investment Schemes. We would also suggest that Growers seek their own taxation advice in relation to their personal circumstances.
18)	How much do I receive when my Scheme is harvested?	<p>The ultimate amount you will receive depends on a variety of factors, such as yield and wood prices, which are inherently difficult to predict. The percentage of Net Proceeds of Sale that Gunns Plantations receives varies by Scheme and ranges between a total of 4.5% and 55% of Net Proceeds of Sale.</p> <p>In addition to these fees, Gunns Plantations is be entitled to be indemnified for costs incurred in performing its duties, including protecting Growers' property or addressing liabilities arising from the actions of the previous responsible entity - for example, legal action for claims against Scheme property. At this stage, no such costs have been identified. Additionally, Gunns Plantations will be entitled to recover various costs incurred by the Receivers and Managers. In both cases, these sums are also paid out of the Net Proceeds of Sale and will affect the final return to Growers.</p> <p>Growers will be entitled to the remainder of the Net Proceeds of Sale.</p> <p>Refer also to Q & A "What returns will I get and when?"</p>
19)	Do I need to continue paying my loan?	Yes, you should continue to pay your loan. You should speak to your lender if you have any queries related to your loan.
20)	I have stopped paying finance on my loan – what happens now? Can I refinance?	Gunns' offer does not extend to the operations of the Finance company that funded Grower loans. Growers will need to discuss their specific circumstances with their lender.
21)	When will I receive returns from my investment?	Returns will be distributed annually each year following harvest of the trees, harvest years vary between Schemes.
22)	Further reporting to Growers/ customer service expectations	<p>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 Forester's Reports and Annual Reports).</p> <p>Given the large number of investors, the vast majority of our communication will be via electronic format and we ask that you ensure we have your email address by submitting "grower details form" which has been posted to you or call 1800 015 023.</p>

23)	What returns will I get and when?	<p>As a part of the implementation process, Gunns has decided to conduct a thorough mapping and measurement exercise across the 1998-2006 plantation estate.</p> <p>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.</p>
24)	Contact Details	<p>Via web: www.gunns.com.au Email address: gunns.plantations@gunns.com.au Freecall : 1800 015 023</p>