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As highlighted within our offers page, whilst most agribusiness schemes typically pay an entry commission of up to 8%. Applications lodged through Wealth Focus will receive a rebate of up to 8% in the form of a cheque once your application has been processed.

How to Apply

Please have a read through the PDS and if you would like to invest the application pages can generally be found towards the back of the document. You will only need to send the application section back with a cheque payable direct to the investment company (not ourselves). You should take note of any minimum investment amounts that may apply.

Then mail the completed application directly to us.

We will then check to ensure your form is completed correctly before forwarding your document on to the investment provider on your behalf.

Wealth Focus Pty Ltd
Reply Paid 760
Manly
NSW 1655

Please note that we are unable to track applications mailed directly to the product provider and therefore cannot guarantee that your discounts have been applied in these instances.

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Regards

Suliman Ravell
Managing Director

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Gunns Plantations Limited

WOODLOT PROJECT 2009

SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

INTRODUCTION

This is a Supplementary Product Disclosure Statement ("Supplementary PDS") to the Product Disclosure Statement dated 8 April 2009 ("the PDS") relating to the Gunns Plantations Limited Woodlot Project 2009 (ARSN 135 490 292) ("the Project") issued by Gunns Plantations Limited ("GPL" or the "Responsible Entity").

This Supplementary PDS is dated 17 June 2009.

This Supplementary PDS must be read together with the PDS. Any term that is used but not defined in this Supplementary PDS has the meaning given to it in the PDS.

Information that is not materially adverse information is subject to change from time to time and may be updated on the GPL website. A paper copy of any updated information will be provided free of charge upon request.

Any investor intending to invest in the Project from the date of this Supplementary PDS should read the PDS and this Supplementary PDS in full.

The following information should be read in addition to Section 11 of the PDS – Risks and Safeguards.

In light of developments in the agribusiness MIS sector, GPL has undertaken a review of potential risks that may face investors and factors that might apply to mitigate those risks. The risks considered are primarily concerned with the capacity of the Responsible Entity to service the project through to completion.

As Responsible Entity for the project, GPL is required to provide a range of management services over the life of the project. These services ("Project Services") include establishment, maintenance and servicing land rentals. Project Services are provided under the terms of a Management Agreement and Sub-Forestry Right Deed between Growers and GPL. Due to the longevity of the project, there is a risk that GPL may be unable to service the project through to completion should its financial position or that of its parent be adversely impacted.

The Responsible Entity does not consider there is a significant risk that it will not be able to meet these obligations. Additional information as to why the Responsible Entity has formed this view is outlined below.

GPL only accepts applications for which it and its parent company, Gunns Limited (Gunns), consider they have the financial capacity to develop and maintain, taking into account such factors as the amount of second rotation land available, the cost of land, the quality of land available and its proximity to existing infrastructure, the cost of project maintenance and working capital requirements.

In implementing the project GPL has undertaken an assessment to minimise commercial risks to the value of the harvest. This assessment involves decisions to only develop Growers' Woodlots in regions that are proven forestry regions and that have access to existing processing infrastructure, much of which is owned by Gunns. This has resulted in all Growers' woodlots in GPL projects being located, to date, in Tasmania (hardwood and softwood) and the Tumut/Tumbarumba region of NSW (softwood only).

PROTECTION OF APPLICATION MONEYS AND SCHEME PROPERTY

GPL ensures that all application moneys it receives are held in scheme-specific accounts for each of the managed investment schemes for which it is the responsible entity. The custodian for the Project is Gunns. GPL can only instruct Gunns to release application money to GPL upon:

- being satisfied of completion of the matters specified on page 82 of the PDS under the heading "Release of application money"; and
- being in possession of a duly completed and executed Sub-Forestry Right Deed and Management Agreement in favour of the Grower.

The conditions specified on page 82 of the PDS include GPL having the capacity to grant the Forestry Right. Under the Project, if a Forestry Right is not granted in favour of an applicant within 9 months after the issue of an interest in the Project to that applicant, GPL must notify the applicant who then has the right to withdraw in which case GPL must refund the application moneys paid by the applicant.

Furthermore, Growers' rights are afforded protection from the security given by Gunns and certain of its subsidiaries as security for Gunns' financiers.

The security expressly excludes property held by Gunns as custodian for any woodlot project. Also expressly excluded from the security is Grower's property which includes saleable parts of trees and entitlements to proceeds.

Gunns' financier's security instrument specifically allows investor leases and therefore these take priority over the rights of any receiver either to the freehold or under any lease in favour of Gunns.

GPL confirms that all establishment service required for previous projects have been completed.

PROVISION OF SERVICES

Project Services are provided through sub-contracting agreements between GPL and Gunns. In consideration for providing these services, Gunns is entitled to payment for the provision of establishment services and the share of wood sale proceeds attributable to GPL for undertaking maintenance and servicing land rentals. In the event of a default under the maintenance services sub-contracting agreement by Gunns at any time during the project life, the share of wood sale proceeds reverts to GPL in full.

Cash flow requirements for Project development and maintenance are reviewed regularly. Whilst payment for establishment services required under the Project is sourced from application fees, other services over the Project life will be funded through until project completion by Gunns under the sub contracting agreement.

Gunns has substantial experience in plantation development and maintenance. The risk of significant variance to expected project establishment and maintenance costs is considered low due to the historical experience of Gunns and the fact that a significant proportion of development is undertaken within an existing plantation estate.

As detailed in Section 9 of the PDS, the structure of the project provides that the trees grown under the Project are sold on a stumpage basis, as a consequence there are no harvesting costs to be incurred under the Project – these are instead to be borne by the purchaser of the Growers' wood and GPL will not have to meet these costs.

While GPL derives income from past projects by way of ongoing fees, as well as from the application fees from new projects, the support of Gunns and its capacity to meet its sub-contract obligations is an important consideration. Gunns funds any net cash outflow from providing Project Services through financing sources including cash inflows from its operations. Factors relevant to Gunns capacity are detailed below.

CAPACITY OF THE GUNNS GROUP

Gunns has a strong commercial interest in the outcomes of the project given that the resource owned by Growers represents a potential source of future wood supply for Gunns and its forest products business.

As noted in Section 7 of the PDS, the Gunns group is principally a vertically integrated forest products company who uses managed investment schemes as a funding mechanism to develop high quality resource for its potential use, which would otherwise need to be funded by some other means. This has enabled Gunns to focus the use of its own capital on the acquisition of businesses – businesses aimed at strengthening the Gunns group and its ability to downstream process and market wood products into the future.

Gunns was established in 1875 and since that time has developed a business in the downstream processing and sale of timber products. Gunns, either in its own right or through its predecessor and subsidiary companies:-

- has been exporting woodchips since the woodchip export market began in Australia in the early 1970's;
- has historically marketed between 4 and 5 million tonnes of wood per annum;
- is a publicly listed company on the ASX and a constituent of the S&P ASX200; and
- has been managing plantations since the 1940's in Tasmania and since the 1920's in the Green Triangle (SA/Vic).

Gunns has also historically secured a large amount of land through acquisitions of these forest products businesses; land that can then subsequently be used as part of GPL's forestry investment projects.

In addition to its forest products business, Gunns also has significant interests in retail, construction and viticulture as well as agribusiness investment.

During this financial year Gunns has substantially strengthened its balance sheet through an equity raising and asset sale with funds primarily applied to reduce debt. This has resulted in a strong balance sheet that is well positioned to deal with the current economic climate and take advantage of emerging opportunities (refer table below).

Performance Highlights from Gunns' 2008 – 2009 Half Yearly results are summarised below:

	First Half 2009	First Half 2008	% change
Revenue	\$427.65 million	\$368.5 million	UP 16%
EBIT	\$69.3 million	\$44.2 million	UP 57%
Underlying EBIT	\$60.8 million	\$53.2 million	UP 14%
NPAT	\$33.6 million	\$17.2 million	UP 95%
EPS (cents)	6.2 cents	3.4 cents	UP 82%
NTA per share	\$1.82	\$2.01	DOWN 9%

Gunns is a public company listed on the ASX and therefore is responsible for meeting continuous disclosure obligations. Potential investors should consult Gunns' 2008 Annual Report to ascertain the financial position of Gunns. Gunns' 2008 Annual Report was lodged with the ASX on 30 September 2008 and is available at www.gunns.com.au or free of charge upon request. Investors should monitor the Gunns and ASX websites for up-to-date information on Gunns' financial position as relevant announcements are made.

The Gunns group's gearing at 31 December 2008 was 32% with net interest bearing debt of \$810.1 million. Financial covenants on senior debt facilities require gearing to be maintained at a level less than 50%. The group has an asset value of \$2,627.9 million, including the recently acquired Auspine business which generates in excess of \$220 million annually in revenue to the group.

Subsequent to 31 December 2008 the sale of approximately 33,000 hectares of standing timber from the Company's plantation estate was completed. This transaction returned approximately AUD 173.2 million.

DEVELOPMENT OF THE BELL BAY PULP MILL

The proposed Bell Bay pulp mill development provides a valuable extension to the Gunns group's vertical integrated structure. At a projected development cost of \$A2.2 billion, it is anticipated to be the largest investment ever undertaken by the private sector in Tasmania. It is proposed that the mill will be developed in a special purpose vehicle with equity provided by Gunns and an equity partner and project debt provided through a non recourse project finance facility.

Total expenditure on the pulp mill to 31 December 2008 was \$125.5 million. Gunns is proceeding with negotiations in relation to joint venture participation and expects to make an announcement in respect of this in June 2009.

Gunns' equity share will be primarily funded from debt facilities together with capital contributed to date. This is expected to add approximately 10% to Gunns group gearing (net debt/net debt + equity) to approximately 45%.

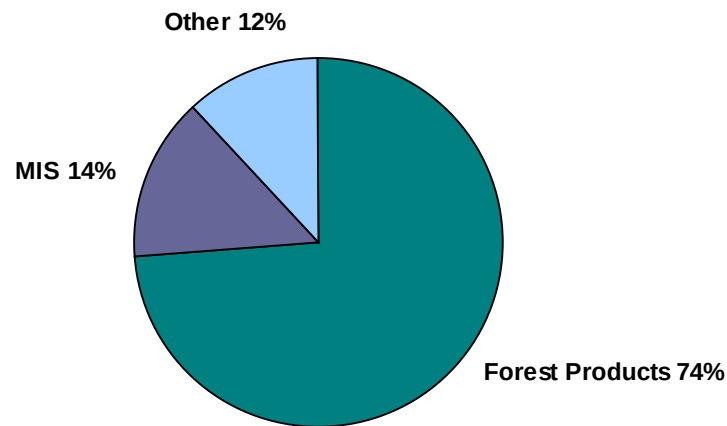
The completion of the pulp mill development would provide a significant enhancement in the market for Growers' wood, substantially complementing Gunns existing markets.

IMPACT OF REDUCED LEVELS OF MIS SALES

Whilst GPL's contribution to Gunns group revenue would be impacted by reduced MIS sales, Gunns maintains a diversified business with diverse income streams.

The Gunns group is not solely reliant upon MIS sales for ongoing revenues. MIS sales currently contribute between 10 – 15% of current revenues of the Gunns group.

**Breakdown of Gunns' revenue sources
in FY2008 between Forest Products, MIS and Other**



The relationship between GPL and Gunns is such that in the event of reduced MIS sales, GPL expects to continue to manage existing and new schemes under the current structure without any adverse impact on Growers.

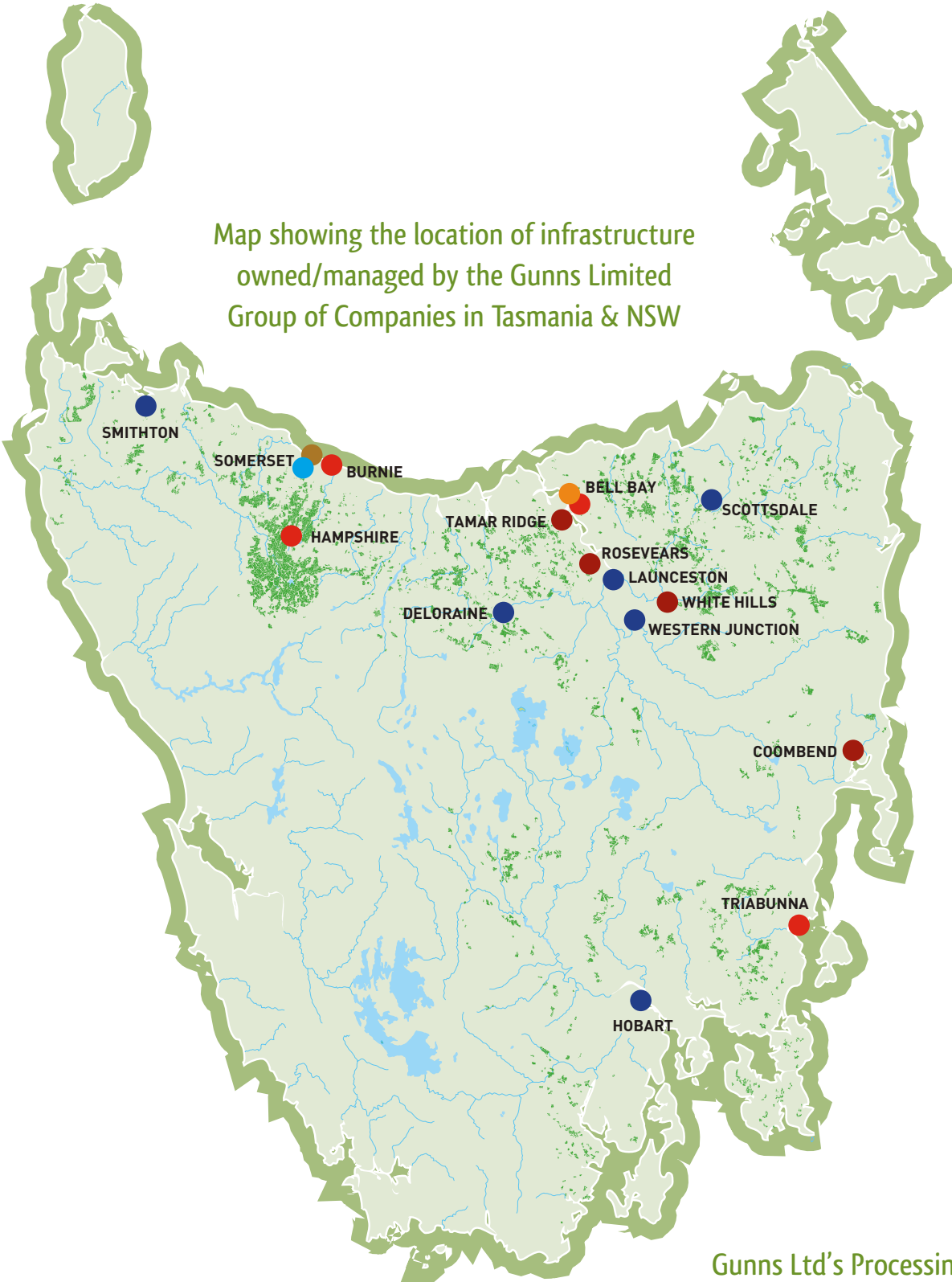


woodlotproject09

PRODUCT DISCLOSURE STATEMENT

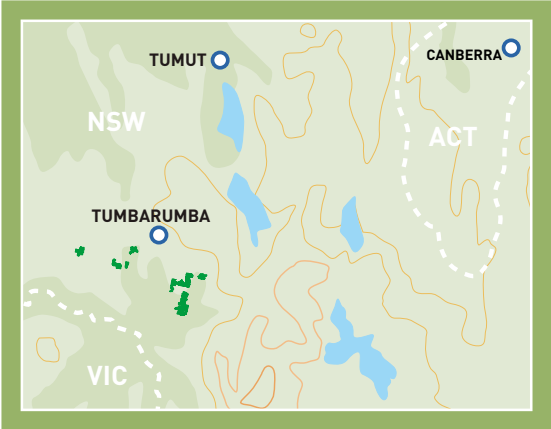


Map showing the location of infrastructure owned/managed by the Gunns Limited Group of Companies in Tasmania & NSW



Gunns Ltd's Processing Plants and Infrastructure

- Woodchip Mill & Export Ports
- Sawmill
- Veneer Mill
- Vineyard
- Nursery
- Proposed Bell Bay Pulp Mill
- Owned/managed plantations



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Promoting Sustainable Forest Management

The Gunns Plantations Limited (GPL) Woodlot Project 2009 dated 8 April 2009 has been issued with Product Rulings PR 2008/66, PR 2008/66A, PR 2008/67, PR 2008/67A, PR 2008/68, PR 2008/68A, PR 2008/69 and PR 2008/69A from the Australian Taxation Office. Copies of the product rulings are available from the GPL website at: www.gunns.com.au/plantations

The AFS is recognised internationally under the Programme for Endorsement of Forest Certification (PEFC) system, which is the world's largest forest certification system. The AFS supports a Chain of Custody standard that allows labelling of wood products to occur such that we independently communicate to our customers and their customers that the product being supplied has been derived from sustainable origins. In 2003, Gunns was the first company in Australia to gain certification to the Australian Forestry Standard (AS4708). Gunns has successfully retained certification since this date.

All pruned stands in Option 2 will be audited to the standards set down by the Pruned Stand Certification Scheme administered by Australian Forest Growers. This standard provides an audited certification of the pruning, which allows buyers and sellers to negotiate with confidence. For more information refer to: www.afg.asn.au/services/pruned_stand_certification.html.

2



Gunns Limited (Gunns) is the parent company of GPL and has been certified to comply with the Australian Forestry Standard (AFS). AFS certification is a sign of sustainable forest management that uses strict international guidelines taking into account social, ethical and environmental standards.



Gunns has been awarded International Organisation for Standardisation (ISO) 14001 accreditation for environmental management systems based on Gunns' forest management activities, including plantation establishment, harvesting and woodchip processing facilities.



Gunns Ltd (the parent of GPL) is an established forest products company with existing processing plants and long established markets. The three species to be planted under this PDS (*Eucalyptus nitens*, *Eucalyptus globulus* and *Pinus radiata*) are all proven performers in plantations.

Important Information

Responsible Entity

Gunns Plantations Limited ABN 36 091 232 209 (GPL) is the Responsible Entity of the Gunns Plantations Limited Woodlot Project 2009 (Project) ARSN 135 490 292 and is the issuer of this Product Disclosure Statement (PDS).

GPL has also been issued with an Australian Financial Services Licence (AFSL), number 238701.

Gunns Group

Gunns Limited ABN 29 009 478 148 (Gunns) is the parent company of GPL.

Important Information

This PDS is dated 8 April 2009 and has been prepared by GPL. If you have received this PDS electronically we will give you a paper copy free of charge upon request. Please phone FREECALL 1800 015 023.

Offering Restrictions

No action has been taken to register or otherwise permit a public offering of the Project outside of Australia. This PDS does not constitute an offer or invitation in any place or to any person to whom it would not be lawful to make such an offer or invitation.

Disclaimers

Your investment in the Project is subject to investment and other risks. Neither GPL nor Gunns, nor any other member of the Gunns Group nor any other entity associated with the issue of this PDS gives any guarantee, warranty or assurance as to the performance of the Project or any particular return.

The information contained in this PDS is not financial product advice. This PDS does not take into account the investment objectives, financial situation and particular needs of any potential investor. Accordingly, before you invest you should read this PDS and any supplementary PDS in full. We also recommend that before making a decision to invest in the Project you consult a financial or other professional adviser.

Integrity of the PDS

The PDS is available in electronic format, including on the internet at: www.gunns.com.au/plantations

While GPL believes it is unlikely that during the period of the offer the electronic version of the PDS will be tampered with or altered in any way, GPL cannot give any absolute assurance that this will not occur. Any investor in doubt concerning the validity or integrity of an electronic copy of the PDS should immediately request a paper copy of the PDS directly from GPL.

Currency of offers under PDS

As at the date of this PDS, no offer is made for Option 2. Applications may be accepted for investment in Option 1, Option 3 and the Blended Option from the date of this PDS however. GPL will release a Supplementary PDS should Option 2 become available for investment after the date of this PDS.

The most current version of the PDS and any Supplementary PDS are available from GPL free of charge upon request or can be downloaded from our website www.gunns.com.au/plantations.

Changes

Information that is not materially adverse information is subject to change from time to time and may be updated on the GPL website. A paper copy of any updated information will be provided free of charge upon request.

Environmental Management

Gunns is the parent company of GPL and has been awarded International Organisation for Standardisation (ISO) 14001 accreditation for environmental management systems based on Gunns' forest management activities, including plantation establishment, harvesting and veneer, sawn timber and woodchip processing facilities in both softwood and hardwood. In November 2003, Gunns was also the first Australian forest products company to be awarded certification under the Australian Forestry Standard (AFS) for sustainable forestry management practices, which takes into consideration social, economic and environmental factors (refer to Section 3 of this PDS).

Additional Information

GPL has a dispute resolution system available for investors. A 14 day cooling-off period exists for all applicants. See Section 18 for details. The pictures and images used in this PDS depict staff members, contractors, and property of the Gunns Group other than those on pages 45, 48, 56, 57 and 58.

A number of words and terms used in this PDS have defined meanings which appear in the Glossary.

Chairman's Letter

Dear Investor,

I have great pleasure in announcing the release of the latest forestry project from Gunns Plantations Limited (GPL) and invite you to read this Product Disclosure Statement (PDS) in full.

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This PDS offers a unique investment opportunity to become a Grower of Eucalyptus or Radiata Pine wood on approximately ONE hectare Woodlots located throughout Tasmania and the Southern Highlands region of New South Wales (Option 3 only).

Woodlots are very competitively priced with the total up-front application fee of \$7,480 (inclusive of GST) per woodlot. Investors who elect Option 2 are required to pay additional pruning fees. The key investment features include:

- for each Woodlot, investors have the flexibility of three planting options:
 - Option 1 (Eucalyptus wood for sale as pulp logs – 13 years);
 - Option 2 (Eucalyptus wood for sale as high quality veneer and pulp logs – 20 years); and
 - Option 3 (Radiata Pine for sale as high quality saw logs and pulpwood – 25 years).
- Investors may also choose to enter into a Blended Option, using a fixed ratio of two Option 1 Woodlots, one Option 2 Woodlot and one Option 3

Woodlot, for a total application fee of \$28,424 (inclusive of GST), which equates to a 5% discount on the price of the individual Woodlots;

- Investors receive proceeds from thinnings at approximately Year 9 for Option 1 and Option 2 and Years 13 and 18 for Option 3, whilst proceeds from clearfall will occur at Year 13 for Option 1, Year 20 for Option 2 and Year 25 for Option 3; and
- GPL has entered into agreements with Gunns Ltd for the sale of Growers' timber at harvest for at least the prevailing market stumpage at the time for all wood under Option 1 and Option 2, and all softwood pulpwood and saw logs grown under Option 3 in Tasmania. GPL is also currently using its prominent position in the forestry plantation sector to negotiate further off-take agreements with other major purchasers of pine pulpwood and saw logs in New South Wales.

The softwood industry in the Tumut/ Tumbarumba region of New South Wales has seen significant growth and accordingly GPL is confident that it will successfully negotiate off-take agreements for Growers' wood grown under this Project.

This Project builds on the outstanding success of its predecessor projects. Also, having already been approved by the Tasmanian State Government and having received construction approvals from the Australian Federal Government, Gunns Limited intends to begin the construction of a world scale Bleached Kraft Pulp mill in Tasmania upon financial close. Once operational, the pulp mill will substantially increase the markets available for Growers' wood. The mill will use both hardwood (Eucalyptus) and softwood (Radiata Pine) pulpwood.

In managing Growers' Woodlots, GPL will draw on Gunns' considerable experience in establishing and

maintaining plantations since the early 1920's. Gunns' 134 year heritage in Tasmania gives the company a long term focus and a keen appreciation of the need to protect and sustainably manage our natural resources.

The Tasmanian community also sets high standards for the preservation and sustainable development of these resources and as a consequence the company's Environmental Management System is externally certified to ISO 14001 – the international benchmark for world's best practice in environmental management.

Gunns was also the first Australian Forest Products company to be accredited as complying with the Australian Forestry Standard (AFS). The AFS has recently been recognised internationally under the PEFC – a stringent international certification system for forest management practices. Gunns was most recently recertified to the AFS in 2006.



Gunns manages over 200,000 hectares of plantations, consisting of approximately 150,000 hectares of hardwood plantation estate in Tasmania and 50,000 hectares of softwood plantation estate in Tasmania, South Australia, Victoria and New South Wales. Through investment programs like the Project, the company is advancing confidently towards expanding the plantation resource needed to sustain its long-term needs.

On behalf of the Directors of GPL, I commend this investment for your consideration.

Yours sincerely

John E Gay
Executive Chairman

The Leaders in Environmental Management

The parent company of GPL, Gunns Limited, has a strong, vested interest in the sustainable, long term management of forests (both plantation forests and native forests) in Australia – particularly those located within Tasmania. With a history of forest management spanning 134 years, Gunns has demonstrated that not only is this sustainability critical to the long term viability of the business, but it is also achievable.

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Promoting Sustainable Forest Management



Gunns Plantations Limited (GPL), as a premium agribusiness leader in the establishment, harvest and management of Australian plantation forests, also takes the responsibility of environmental management seriously. Stringent environmental policy management is crucial to the long term success of investor plantations, particularly when dealing with large estates over substantial periods of time.

Therefore, as part of Gunns and GPL's commitment to world's best practice in environmental management it has undertaken the following commitments:

AFS Recertification

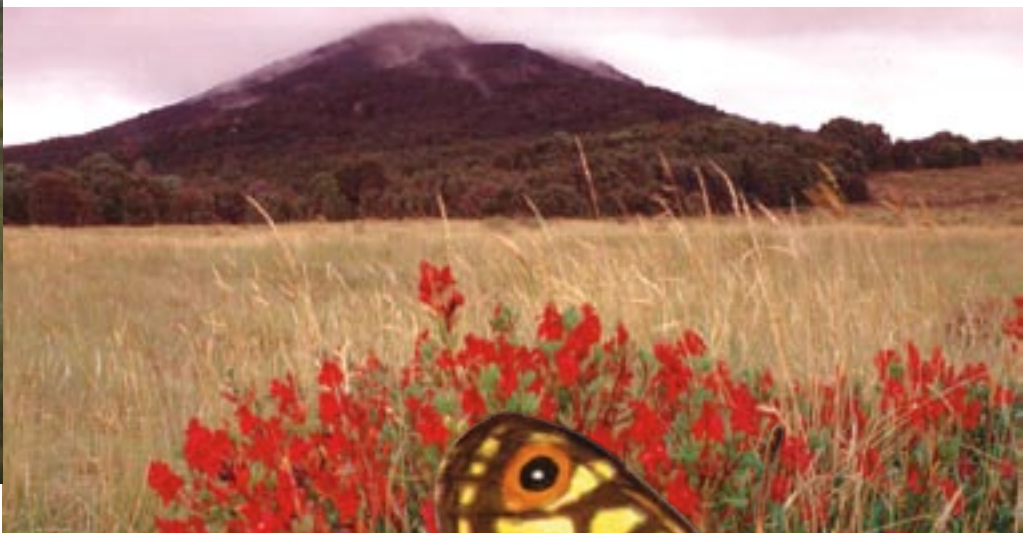
Gunns has been certified to the Australian Forestry Standard (AFS) since November 2003, and in 2006 was recertified for a further three years after a full reassessment was completed. This recertification by independent auditors, Det Norske Veritas (DNV), confirms Gunns' position as a leader in Australian forest management practices from an environmental, economic and social perspective.

Chain of Custody

The Chain of Custody (CoC) standard for certified wood and forest products (AS4707) is a standard that complements the AFS. The CoC certification, first obtained by Gunns in November 2004, is an inventory control system that tracks a forest product from its origin in an AFS certified forest through to its end use by the consumer (covering all phases of ownership, transport, manufacture and sale). This form of labelling ensures our customers that the wood product is supplied from sustainable origins.

Environmental Management System – ISO 14001

To ensure that all environmental issues are identified, assessed and actively managed, Gunns operates an Environmental Management System (EMS). The EMS was first certified by DNV to the international standard ISO 14001 in 1998, and complete reassessments were successfully undertaken in 2001 and 2005. It is Gunns' intention to pursue certification under the AFS for the Auspine forest operations in 2009 to complement existing ISO 14001 certification.



Permanent Native Forest Estate Policy

Early in 2007, Gunns revised its Permanent Native Forest Estate Policy and on 1 June 2007 announced that it would immediately cease broad-scale conversion of native forests to plantations within Gunns' defined forest area. This decision confirmed Gunns' commitment to the Australian Forestry Standard (AFS) in meeting world's best practice measures and demonstrated Gunns' responsiveness to community stakeholder engagement.

Other initiatives

In addition to the above, there are numerous examples of initiatives that Gunns has undertaken to encourage the sustainability and conservation of areas within its estate:

- Companion Hill Reserve and St Valentines Peak, located on 1,364 hectares of Gunns' freehold estate in the north west of Tasmania, has been dedicated for recreational use only.
- The preservation of threatened flora and fauna at Gunns' Surrey Hills estate, in particular, the montane grasslands and endangered Ptunarra Brown Butterfly.
- The active management of permanent water ways, such as Talbots Lagoon in Surrey Hills, as a recreational brown trout fishery.
- Gunns is working with a number of external parties, including the Tasmanian Parks and Wildlife Service and Environment Australia, to protect and enhance Moulting Lagoon – a natural waterway which has been identified as a wetland of international importance under the Convention on Wetlands (Ramsar, Iran, 1971). Moulting Lagoon adjoins Gunns' Coombend Vineyard and is located on the east coast of Tasmania.
- In August 2006, Gunns donated a significant parcel of land (455 hectares) to the Tasmanian Land Conservancy to enhance the Chauncy Vale Wildlife Sanctuary and its core environmental and cultural values.
- Gunns is a keen supporter of the "Devil Island Project" which aims to save the Tasmanian Devil from the fatal facial tumour affecting the current wild population.
- At Tamar Ridge Estates, all winery waste water is now fully recycled. This is achieved by the waste water being diverted into the winery's new wetland habitat which attracts a healthy population of water birds, frogs and insects.



Climate Change

Carbon Sequestration

Forests require only sunlight, water and soil to grow and timber is one of the most sustainable and renewable resources available to man. Growing stores of carbon in forests and wood products are forecast to reduce Australia's annual net emissions (around 576 million tonnes of carbon dioxide) by about 10 percent¹. In addition, if half of Australia's new homes were built predominantly with wood products, over 1.3 million tonnes of CO₂ emissions could be saved²!

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The Australian Government has committed to commencing an Emission Trading Scheme (ETS) on 1 July 2010. The scheme will be Australia's primary policy tool to drive reductions in emissions of greenhouse gases and the forestry industry is working with government to capitalise on the carbon benefits it can offer to the domestic environment.

Whether Growers will be able to take advantage of the ETS and create and sell carbon credits, or not, is still unknown and will depend on the makeup of the final legislation. Until such a trading scheme is implemented though, there is no national market or pricing system to trade the carbon sequestered from your woodlot.

The Project will sequester enormous amounts of Carbon Dioxide Equivalents (CO₂e) from the atmosphere. CO₂e is the internationally recognised unit of measure of greenhouse gas emissions. Approximate CO₂e sequestration levels measured for investment options in the Project are as follows:

- Option 1 – 400 CO₂e per Woodlot over the life of the Project.
- Option 2 – 685 CO₂e per Woodlot over the life of the Project.
- Option 3 – 690 CO₂e per Woodlot over the life of the Project.

¹ Australian Government, *Leading Edge Newsletter*, December 2006.

² NAFI, *'Forest Industries and Climate Change'*, 2007.



	CO ₂ e sequestered per Woodlot over the life of the Project	The carbon sequestered over the Project's lifetime equates to:		
		Running a car ¹ for:	Running a household ² for:	An Australian living ³ for:
Option 1	400	100 years	29 yrs	14 yrs
Option 2	685	171 years	49 yrs	24 yrs
Option 3	690	172 years	49 yrs	25 yrs

1. The average Australian car emits about four tonnes of CO₂ per year, based on an average distance of 15,000 km per year at 12 litres per 100 km (<http://www.cana.net.au/> and carbonneutral.com.au)

2. The average Australian household emits 14 tonnes of CO₂ per year (<http://www.co2australia.com.au/> and <http://www.planning.nsw.gov.au/asp/register.asp> - <http://www.climatechangebr.org/page7.htm>)

3. The average Australian emits about 27.54 tonnes of CO₂ per year (http://www.carbonplanet.com/country_emissions)

Gunns and the Community

Gunns has maintained a strong commitment to supporting Tasmanians and their local community since its establishment in 1875. Gunns Limited has committed hundreds of thousands of dollars to assist a range of community projects. Some of the organisations to recently benefit from this generosity are listed below.

Victorian Bushfires

Gunns has had discussions with the authorities managing the response to the fires about the best way for Gunns to contribute. As at the date of this PDS, Gunns is preparing a supply of building materials that can be used to help rebuild community facilities and homes. Gunns management has been impressed with the goodwill and generosity of company employees and has also actively encouraged all employees to make personal contributions.

Charity Ball for blood cancer patients

A Charity Ball held at the historic Entally Estate, which is operated by Gunns, in March 2007 enabled Gunns to donate \$70,000 to the Launceston General Hospital (LGH) to purchase life saving equipment for patients with blood cancers.

The money raised from the generosity of local businesses enabled the LGH to purchase a flow cytometer and other life saving equipment to help with the early diagnosis, treatment and follow up of blood cancers. In addition, it will also allow patients suffering from

leukaemia, myeloma, lymphoma and other blood diseases to be treated in Launceston, as opposed to travelling to Hobart for the same service.

Tsunami Appeal

More than \$100,000 was raised for the Asian Tsunami Appeal in February 2005 to assist those based on the ground in affected countries, thanks to the generosity of 53 Tasmanian companies. Gunns held the Moulin Rouge Extravaganza black tie ball at the Albert Hall in Launceston and 100 percent of the money raised was donated to directly to the Appeal.



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The Albert Hall
 Cimitiere Street, Launceston
 Saturday, February 26, 2005 at 7pm

Cost: \$120 per person or \$1000 for a table of 10
 Dress: Moulin Rouge black-tie
 RSVP by Wednesday, February 16, 2005



House of Dreams

Gunns together with WIN Television and more than 100 local Tasmanian businesses, purchased a "renovators delight" in 2003 and created the 'House of Dreams'. The project, which was recognised as the largest single fundraising project in Tasmania's history, turned the house into a \$180,000 cash windfall for the local charity, St Giles Society.

Devil Island Project

Tasmanian devils are currently under threat from a terminal facial tumour that is rapidly spreading throughout the wild population. Gunns is a keen supporter of the 'Devil Island Project' which aims to save the devils from potential extinction. The devils live in a protected, wild habitat known as 'Devil Island', away from other infected devils. Fourteen devils currently live in the enclosed island and it is hoped they will breed and increase the numbers of healthy devils over the next few years.

Gunns made a significant contribution to the building of the enclosure, donating funds and assisting in negotiations for building materials.

Other organisations to benefit from Gunns generosity include:

- Launceston Golf Club
- Deloraine Bowls Club
- Deloraine Cup
- Cancer Council
- State Emergency Service
- Devil Facial Tumour
- Launceston Tornadoes
- STEPS Community Solutions
- Bridgewater High School
- Variety Club
- National Trust
- The Leukaemia Foundation
- Western Tiers Group of Fire Brigades
- Catholic Parish Launceston
- Movember
- Northern Tasmanian Football Association
- Aurora Stadium
- National Science Summer School
- North Hobart Football Club
- Bridport Bowls Club
- Skilled Burnie 10

Recent Developments of Gunns Ltd



12

Auspine

Gunns acquired Auspine Limited (Auspine) throughout 2007 and 2008.

Gunns is excited about working with Auspine. Their merger with the successful forest products business, in particular the exposure to their softwood ventures, is strategic to the long term vision of Gunns. At the time of purchase, Auspine owned 46,000 hectares of freehold land, including 40,000 hectares of softwood plantation estate situated predominately in the Green Triangle region of western Victoria and eastern South Australia. Auspine first began establishing softwood plantations in the early 1920's. Of Auspine's total plantation estate, 33,000 hectares of standing timber is being managed on behalf of an international timber investment management organisation.

There will be a trade deficit of softwood supplies in the next fifteen years. There exist enormous opportunities to fill this gap and supply softwood to an already established Australian market in the short term. Please see Section 15 for further details.

The main activities and assets of Auspine include:

- Two major softwood mills – one is located in Tarpeena, South Australia, and the other in Scottsdale, Tasmania, with a combined capacity of 720 000 m3 per annum.
- A woodchip export facility located in Portland, western Victoria.
- A treated timber production facility located in Kalangadoo, South Australia.

- Plantation management and harvesting in South Australia and Victoria.
- Marketing and distribution of local and imported timbers, including its softwood woodchips, structured timber and preserved timber products.

In addition, GPL can learn from Auspine's experience in managing its existing softwood estate and take those lessons into account when carrying out future site selection, species selection and plantation management in softwood.



Bell Bay Pulp mill

In addition to the Auspine acquisition, Gunns has received Federal and State Government approval for construction to commence on the proposed Bell Bay pulp mill. This AUD2.2 billion project will be the largest forestry infrastructure development within Australia and will allow plantation woodchips to be processed into pulp fibre within Tasmania as opposed to exporting the raw product to the woodchip market overseas.

Market opportunities: there are far greater market opportunities for pulp fibre than there are for woodchips due to the value adding process and greater efficiencies associated with the transportation of pulp as opposed to woodchips which consists of around 50 percent water.

The construction of the Bell Bay pulp mill will create an additional end market for Growers' wood.

Economic benefits: the Bell Bay pulp mill will contribute \$6.7 billion (2.5 percent) to the Tasmanian economy and create 3,500 jobs within the State. In addition, the increased value in pulp as compared to export woodchip will reduce Australia's balance of trade deficit for forestry products by 25 percent and generate an extra \$900 million in government revenue within Tasmania.

Expansion of the Somerset Nursery

The company's state-of-the-art nursery located at Somerset, Tasmania has just undergone another major expansion. Built in 1997 the nursery was originally designed to grow 6 million seedlings per annum. Following this recent expansion, and a series of expansions prior to it, the nursery is now growing in excess of 18 million seedlings per annum.

Gunns Limited

Relationship with Gunns Plantations Ltd (GPL)

GPL was first established in November 1999 and since that time has released thirteen offer documents and has over \$575 million of funds under management. GPL has also diversified into successful winegrape and walnut projects.

GPL is a wholly owned subsidiary of Gunns and has been established for the specific purpose of building a resource business for third party investors. In performing its responsibilities under the Management Agreement, GPL will draw on Gunns' considerable experience in establishing and maintaining plantations over the past three decades.

GPL proposes to delegate all Woodlot management obligations under the Management Agreement to its parent, Gunns. Gunns will be paid for the provision of those services from GPL's entitlement to the Maintenance Fee from the Gross Proceeds.

This arrangement will ensure that Growers have the benefit of Gunns' expertise and experience in plantation management.

As the parent company of GPL, Gunns has a vested interest in the outcome of the Project. However, Gunns is not the issuer and does not in any way guarantee the performance of the Project. The wood to be grown under the Project is seen by Gunns as an important source of high quality fibre in fulfilling its contractual commitments and growth plans. In recognition of this, Gunns will enter into a wood sale agreement in the form of the Draft Wood Sale Agreement described in Section 21.6 (for all wood grown under Option 1 and Option 2 and for all softwood pulp logs and saw logs grown in Tasmania under Option 3), under which Gunns will acquire Growers' wood grown in Tasmania at market price or a floor price, linked to the price Gunns receives for the finished value-added product, whichever is the greater.

Set out opposite are details of Gunns' key assets, experience, customer relationships and the importance of plantation wood to Gunns' business objectives.

Australia's largest Fully Integrated Hardwood Forestry Company

Gunns was established in 1875 and has a 134 year history in the timber industry. Over recent years it has consolidated its position as Australia's leading fully integrated hardwood forestry company, with the acquisitions of:

- Carter Holt Harvey's New Zealand veneer operations in 1999;
- Boral's Tasmanian sawmills in 1999;
- Boral's plantation and forestry assets and export woodchip business in 2000;
- North Forest Products' plantation, nursery and export woodchip operations in 2001;
- Wesfarmers' jarrah sawmilling assets in WA in 2004; and
- Auspine Ltd in 2008.

In addition, Gunns acquired Tamar Ridge Estates (TRE) in April 2003. A division of Gunns, TRE currently manages more than 400 hectares of vines and has considerable experience growing grapes and producing wine. Gunns has also been involved with the production of other agricultural crops, including the development of more than 1,200 hectares of walnut orchards throughout the Riverina region of NSW.





Gunns employs around 2,600 people in Australia, New Zealand and Japan. In addition to its large plantation business, Gunns' operations include:

- five existing woodchip export mills and four deep water port facilities in Tasmania and Victoria;
- eight timber sawmilling operations, including one in Western Australia, one in South Australia and six in Tasmania;
- one veneer mill in Tasmania;
- a dedicated softwood log export facility;
- well advanced plans to build a world-scale pulp mill at Bell Bay, north eastern Tasmania. The mill, if built, would initially require approximately 3.2 million tonnes of wood per annum. It would be built at a cost of approximately \$2.2 billion;
- a world class nursery which produces in excess of 18 million seedlings per annum for use in Gunns' and GPL's plantation operations and is capable of producing up to 600,000 vine plants for its viticultural operations (VINA accredited);
- a research and development facility which is the only one of its kind owned by a supplier of woodchips in Australia. The facility has been awarded certification by the National Association of Testing Authority (NATA);
- an award winning cool climate winery, Tamar Ridge Estates (TRE), in the Tamar Valley, Tasmania. TRE also acquired Rosevears Estate Winery in September 2006;
- wholesale timber outlets in most Australian capital cities;
- eight retail hardware stores;
- a Tasmanian based construction business (Hinman, Wright & Manser); and
- the operation of a Tasmanian National Trust listed Heritage property, Entally House.

By investing with GPL, Growers will have access to the industry experience and expertise of Australia's premier fully integrated hardwood forestry company.



Financial Strength

Gunns has a market capitalisation of over AUD700 million (January 2009). The Responsible Entity, GPL, is a wholly owned subsidiary of Gunns Limited. In the 2008 financial year Gunns' revenue increased by 26.3% to AUD862 million, with an after tax profit of over AUD64.5 million.

This demonstrates that the group has sufficient financial backing to support the Project.

Experience

Gunns is one of Australia's largest owners and managers of forestry plantations. Gunns manages a plantation estate in excess of 200,000 hectares which it either owns outright or manages on behalf of others in joint ventures, third parties or for investors in GPL.

The Gunns Group has been establishing hardwood and softwood plantations since the early 1920's and in some regions it has established third rotation crops. Gunns has developed considerable experience as a plantation manager in developing highly professional regimes of site selection, tree establishment, maintenance, inventory and protection to ensure quality establishment and care of the plantations. Gunns also recognises that maintaining good community relations is vital to the success of its operations and it endeavours to proactively address community and

neighbour concerns where possible.

Gunns operates a research and development facility at Ridgley in North-West Tasmania, which oversees research into forest management practices and genetic improvement of eucalypts. The fibre technology laboratory tests woodchips for fibre yield and quality and is the only facility of its kind owned by a supplier of woodchips in Australia. This facility is certified by NATA.

Gunns has access to a wide range of professional consultants and research organisations, including the CSIRO, University of Tasmania, Co-operative Research Centre (CRC) and Southern Tree Breeding Association (STBA).

Gunns also operates its own world class nursery facility which has the capacity to produce in excess of 18 million high quality seedlings of either Eucalypt or Radiata pine each year, which are used by Gunns and GPL in their operations throughout Tasmania. Gunns has an ISO 14001 accredited Environmental Management System in accordance with which it conducts all of its forest operations. In addition, Gunns operates in accordance with strict health and safety procedures. Some of Gunns' operations were the first Australian forestry operations to obtain ISO 14001 accreditation for their environmental management systems.

Gunns has also demonstrated its commitment to forest sustainability by becoming the first Australian forest products company to be audited and receive certification under the Australian Forestry Standard (AFS). AFS certification entails a rigorous auditing process that ensures forests are sustainably managed in accordance with the highest international standards.

AFS certification identifies wood products as coming from forests that are managed sustainably under strict environmental, economic and social standards. Australia recently joined the Programme for the Endorsement of Forest Certification (PEFC), the world's largest international forest certification umbrella. The AFS received mutual recognition under the PEFC framework in November 2004, which now means the AFS is an internationally recognised certification.

Gunns also makes publicly available (via its website www.gunns.com.au) its Forest Management Statement, which communicates management objectives for properties managed by Gunns in Tasmania, New South Wales and elsewhere and documents prescriptions defining the company's approach to achieving these objectives. As part of its Forest Management System, Gunns produces an annual report detailing its performance in relation to a range of social, economic and environmental criteria. This report is



also publicly available via the Gunns Ltd website.

Growers can be confident that their plantations will be professionally managed by experienced foresters in accordance with the latest silvicultural techniques.

Established Relationships with Major Global Wood Customers

Gunns has significant and long established relationships with woodchip, sawn timber and veneer customers in over 22 different countries, with existing markets of over 5 million tonnes of wood per annum. Gunns is the world's largest exporter of hardwood chips. It has maintained strong relationships in Asia for about three decades. The woodchips are generally sold under evergreen 3-5 year contracts with the price negotiated annually.

Australia's proximity to Asia gives it a natural freight advantage over its major competitors in other regions. Accordingly, Gunns is strategically well positioned to increase its share in existing markets and to increase supply into the emerging Chinese market. This is demonstrated by Gunns continuing to supply volume to several Chinese pulp and paper manufacturers.

The existing customer relationships described above, together with Gunns' proximity to the growing Asian

region, its existing export facilities and the potential to build a world scale pulp mill in Tasmania will be important factors in Gunns' future growth and are the reasons why Gunns will contract with Growers to buy their plantation wood, as described further in the Draft Wood Sale Agreement in Section 21.6. Growers' plantation wood continues to remain an extremely important facet in Gunns achieving resource security to underpin the construction of a world scale pulp mill (refer below).

Gunns' Vision

Gunns' vision to sustainably manage its 200,000 hectares estate is an important part of its strategy to become more self sufficient in resource supply.

The plantation wood of Growers under this Project is regarded as a major long-term source of supply of resource required for Gunns to achieve its business objectives.

Gunns Ltd to develop a world-scale pulp mill in Tasmania

The pulp mill project was approved under the Tasmanian *Pulp Mill Assessment Act 2007* on 21 August 2007.

The pulp mill project was approved under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* on 4 October 2007. The approval conditions require the preparation of an Environmental Impact Management Plan (EIMP) for approval by the Commonwealth Minister for the Environment, Heritage and the Arts. The approval allows the EIMP to be submitted and approved in modules.

The modules regarding construction of the mill were approved on 5 January 2009. Commencement of on site works are forecast for late 2009.

Key Features

Feature	Summary	Section
Overview	Growers are offered a unique investment opportunity allowing the flexibility of three planting options: • Option 1: Short rotation Eucalyptus wood grown in Tasmania for sale as pulp logs; • Option 2: Eucalyptus wood grown in Tasmania for sale as high quality veneer logs and pulp logs; and • Option 3: Radiata Pine grown in Tasmania and the Southern Highlands region of New South Wales for sale as high quality saw logs and pulp logs.	Section 9
Term of investment	• Option 1: 13 Years (approx) with a commercial thinning in Year 9 (approx); • Option 2: 20 Years (approx) with a commercial thinning in Year 9 (approx); and • Option 3: 25 Years (approx) with commercial thinnings in Years 13 & 18 (approx).	Section 9
Blended Option	A Blended Option, using a fixed ratio of two Option 1 Woodlots, one Option 2 Woodlot and one Option 3 Woodlot, for \$28,424 (inclusive of GST), which equates to a 5% discount on the price of the individual Woodlots.	
Risks	Investments made in the Project will be subject to a number of risk factors.	Section 11
Application Fee	Growers are offered the opportunity to acquire a Forestry Right over Woodlots of approximately one hectare in the Project for a one-off Application Fee of \$7,480 per Woodlot (inclusive of GST).	Sections 9 and 12
Other Fees	There are no on-going rent or maintenance fees payable during the course of the Project. These costs together with the Sales Commission payable to GPL will be deducted from the Wood Sale Proceeds. These fees will total 16.5% of the Wood Sale Proceeds (inclusive of GST). Investors in Option 2 (including those who select the Blended Option) will be required to pay pruning fees in approximately years 4, 6 and 7.	Section 12
Stocking Guarantee	Growers can be confident that their Woodlot contains a high stocking level with GPL guaranteeing to maintain a minimum stocking level at 90% of the average initial planting density for the first 2 years.	Section 9
Finance	A range of competitive finance options is available to approved applicants from Gunns Finance Pty Ltd, including a 12 month interest free loan.	Section 23 or Contact GPL
Tax	100% of your Application Fee (including the GST component if you are not registered for GST) is generally tax deductible in the tax year in which it is paid. The Baseline Pruning Fees in Option 2 and the Blended Option are generally 100% deductible in the years in which they are paid. The tax deductibility of fees will depend on your particular circumstances; you should seek independent taxation advice. Please refer to Product Rulings PR 2008/66, PR 2008/66A, PR 2008/67, PR 2008/67A, PR 2008/68, PR 2008/68A, PR 2008/69 and PR 2008/69A for full details. Copies can be obtained from the GPL website or from the ATO: www.gunns.com.au/plantations www.ato.gov.au	Sections 16 and 20

Off-take agreement	Gunns is committed to entering into a wood purchase agreement for the purpose of purchasing all wood grown under Option 1 and Option 2 (at thinning and final harvest) and is committed to paying Growers the greater of either the prevailing market stumpage for their wood or a floor price linked to the price Gunns receives for the finished value-added product. For Option 3, GPL has committed to obtaining the prevailing market stumpage price at the time of harvest on the Growers behalf. Gunns has committed to enter into a wood purchase agreement for the purpose of purchasing all softwood pulp logs and saw logs grown under Option 3 in Tasmania and GPL has commenced negotiation with several established businesses in this regard for the sale of the saw logs and pulpwood grown under Option 3 in New South Wales.	Sections 12.3 and 21.6
Distributions	Growers will receive a payment for wood sold following commercial thinnings, which are expected to occur in either Year 9 (Option 1 and Option 2), or Years 13 and 18 (Option 3). Growers will also receive wood sale proceeds upon the final harvest for each Planting Option.	Sections 12.3 and 21.1
Transferability	From 1 July 2007, initial investors in a forestry managed investment scheme may trade their interests once they have been held for a period of at least four years. The four-year restriction will apply only to the initial investors in a scheme. You may assign your interest in the Project subject to the conditions set out in the Constitution and Management Agreement at any time, however you should seek independent legal and taxation advice before deciding to trade or assign an interest in the Project. Investment in the Project should be considered long term as Growers will have a purpose of staying in the Project until it is completed.	Section 21.1
Commissions	GPL pays a standard commission rate of 8% of the Application Fee to licensed dealer groups. However, it may pay commissions of up to 10% of the Application Fee and may also pay trailing commissions. These commissions are paid out of GPL's own funds and are not an additional cost to Growers.	Section 12.4
Growth Rates	Tasmania has more reliable rainfall and less risk of plantation drought death and fire damage than any other State in Australia, which results in average growth rates being equivalent to or better than any other area in Australia. The areas chosen in New South Wales are all well proven regions for establishing high quality plantations. These are two of the pre-eminent regions of Australia for plantation forestry.	Sections 11 and 19
Management	Your investment will be managed by GPL, a wholly owned subsidiary of Gunns Limited which is Australia's oldest and largest fully integrated hardwood forestry company with a market capitalisation of over AUD700 million (January 2009). Gunns has over three decades experience in establishing plantations. The Woodlots will be managed by a team of experienced and professional forest managers who operate in accordance with strict health, safety and environmental procedures and who have developed highly professional regimes of site selection, tree establishment and maintenance. Gunns has been awarded ISO 14001 accreditation for its Environmental Management System. Gunns was also the first Australian forest products company to receive certification under the Australian Forestry Standard (AFS) for sustainable forestry management.	Sections 7 and 14

The Offer

This section describes the investment opportunity being offered under the Project. This section should be read in conjunction with the risks described in Section 11 and also the Independent Forester's and Independent Market Report in Section 19 of this PDS.

Overview

GPL offers you the opportunity to participate in the Project by acquiring a Forestry Right over approximately one hectare Woodlots. For each Woodlot you are offered one of three Planting Options. The intended end-use, period to harvest and ongoing costs will vary depending on the planting option selected.

The size of each Grower's interest is approximately one hectare and each hectare will contain approximately 1,100 trees for Option 1 and Option 2 and approximately 1,333 trees for Option 3. Land for the Project will be sourced from various sites throughout Tasmania (all Planting Options) as well as select sites in the Southern Highlands region of New South Wales (Option 3 only) that meet the high standards reviewed by the Independent Forester to ensure growth rate objectives for the Project are met.

Income

It is anticipated that Growers will receive income for:

- thinnings:
 - in Year 9 for both Option 1 and Option 2; and
 - in Years 13 and 18 for Option 3;
- at final harvest:
 - in Year 13 for Option 1;
 - Year 20 for Option 2; and
 - Year 25 for Option 3.

Fees amounting to 16.5% of the wood sale proceeds (inclusive of GST) will be deducted from Growers' gross income to pay for Rent, Maintenance and Sales Commission.





Summary of Investment Options

OPTION ONE: Eucalyptus – Pulpwood

Summary

Eucalyptus nitens (Shining gum) or Eucalyptus globulus (Tasmanian Blue-gum) will be planted and maintained for approximately 13 years before being sold (on a Stumpage basis) as woodchip pulp logs. The trees will also be commercially thinned at approximately Year 9. Eucalyptus is regarded as a premier hardwood species for the manufacture of pulp for high quality paper production.

Application Fee

An Application Fee of \$7,480 (inclusive of GST) is payable representing the total cost of Woodlot establishment and planting.

Rent, Maintenance and Sales Commission

There are no ongoing rent or maintenance fees payable during the course of the Project. These costs together with the Sales Commission payable to GPL will be deducted from any Wood Sale Proceeds. These fees will in total amount to 16.5% of the Wood Sale Proceeds (inclusive of GST). Refer to Section 12 for full details on the applicable fees.

Income

It is anticipated that Growers will receive income for:

- thinnings in Year 9; and
- at final harvest in Year 13.

Fees amounting to 16.5% of the Wood Sale Proceeds (inclusive of GST) will be deducted from Growers' gross income to pay for Rental Fee, Maintenance Fee and Sales Commission.

Harvest

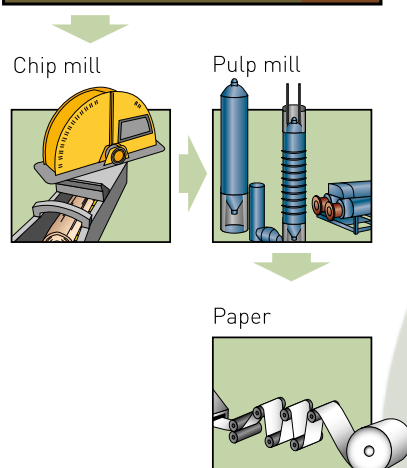
It is expected that there will be two harvests. The first harvest is the result of commercial thinning for pulpwood and is expected to take place in Year 9 – yielding approximately 62 cubic metres per hectare. The second and final harvest is expected to yield approximately 260 cubic metres per hectare at 13 years of age.

The period to thinning and final harvest is an estimate based on Gunns' plantation experience. The time of thinning and final harvest will be determined by the Manager having regard to factors such as growth rates and market demand. Trees on your Woodlots will be sold on a Stumpage basis, that is, the tree will be sold standing on the stump and does not include the costs of harvesting and processing. These costs are the responsibility of the purchaser.

Market Information

All wood grown under Option 1 of the Project will be either Eucalyptus globulus or Eucalyptus nitens and will all be sold as hardwood pulp logs and purchased from Growers on a Stumpage basis. Pulp logs grown by Gunns are presently transported to a chipping mill and then exported as wood chips to a pulp mill before being processed into paper or packaging material. The proposed Gunns' pulp mill will add further value to Growers' wood by being exported as high value, high quality wood pulp to paper and packaging producing facilities.

Option 1 Eucalyptus



Note: Growers' wood will be sold on a Stumpage basis.



OPTION 2: Eucalyptus – Veneer and Pulpwood

Summary

Eucalyptus nitens (Shining gum) will be planted and maintained for approximately 20 years before being sold (on a Stumpage basis) as both high value hardwood veneer logs and pulp logs. The trees will be pruned three times in the first 10 years and will be commercially thinned at approximately Year 9 in order to ensure high quality, knot free, hardwood logs. Plantation grown Eucalyptus is used extensively world-wide in the manufacture of solid wood products including veneer and laminated veneer lumber.

Application Fee

An Application Fee of \$7,480 (inclusive of GST) is payable representing the total cost of Woodlot establishment and planting.

Rent, Maintenance and Sales Commission

There are no ongoing rent or maintenance fees payable during the course of the Project. These costs together with the Sales Commission payable to GPL will be deducted from the Wood Sale Proceeds. These fees will total 16.5% of the Wood Sale Proceeds (inclusive of GST). Refer to Section 12 for full details on fees applicable.

Pruning

The Baseline Pruning Fee (inclusive of GST) will be \$810 in Year 4, \$867 in Year 6 and \$924 in Year 7. The Baseline Pruning Fee will increase in line with inflation. Actual years in which the stands are pruned may vary depending on growth rates of the trees.

Income

It is anticipated that Growers will receive income for:

- Thinnings in Year 9; and
- at final harvest in Year 20.

Fees amounting to 16.5% of the Wood Sale Proceeds (inclusive of GST) will be deducted from Growers' gross income to pay for Rental Fee, Maintenance Fee and Sales Commission.

Harvest

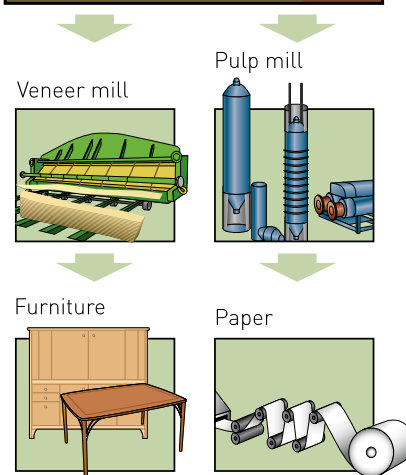
It is expected that there will be two harvests. The first harvest as a result of commercial thinning for pulpwood is expected to take place in Year 9 – yielding approximately 92 cubic metres per hectare. The second and final harvest is expected to yield approximately 454 cubic metres per hectare at 20 years of age.

The period to thinning and final harvest is an estimate based on Gunns' plantation experience. The time of thinning and final harvest will be determined by the Manager having regard to factors such as growth rates and market demand. Trees on your Woodlots will be sold on a Stumpage basis; that is, the tree will be sold standing on the stump and does not include the costs of harvesting and processing. These costs are the responsibility of the purchaser.

Market Information

All wood grown under Option 2 of the Project will be Eucalyptus nitens and will all be sold as hardwood pulp logs and as high quality hardwood veneer logs and purchased from Growers on a Stumpage basis. As for Option 1, it is proposed that pulp logs grown under Option 2 will be transported to a chipping mill and then as wood chips to a pulp mill before being processed into paper or packaging. All veneer logs grown under Option 2 will be transported directly to a veneer mill for processing and sale in the furniture and construction industries (see Section 15.6 for further information).

Option 2 Eucalyptus



Note: Growers' wood will be sold on a Stumpage basis.



OPTION 3: Radiata Pine – Saw logs and Pulpwood

Summary

Pinus radiata (Radiata Pine) will be planted and maintained for approximately 25 years before being sold (on a Stumpage basis) as softwood saw logs and pulpwood. The trees will be commercially thinned at approximately Years 13 and 18 in order to ensure high quality, knot free, softwood logs. Radiata Pine is a particularly versatile species and is widely appreciated in the manufacture of decorative veneers, structural lumber and reconstituted wood products.

Application Fee

An Application Fee of \$7,480 (inclusive of GST) is payable representing the total cost of Woodlot establishment and planting.

Rent, Maintenance and Sales Commission

There are no ongoing rent or maintenance fees payable during the course of the Project. These costs together with the Sales Commission payable to GPL will be deducted from the Wood Sale Proceeds. These fees will in total amount to 16.5% of the Wood Sale Proceeds (inclusive of GST). Refer to Section 12 for full details on the applicable fees.

Income

It is anticipated that Growers will receive income for:

- Thinnings in Year 13 and 18; and
- at final harvest in Year 25.

Fees amounting to 16.5% of the Wood Sale Proceeds (inclusive of GST) will be deducted from Growers' gross income to pay for Rental Fee, Maintenance Fee and Sales Commission.

Harvest

It is expected that there will be three harvests. The first two harvests are the result of commercial thinning for pulpwood and are expected to take place in Years 13 and 18 – yielding approximately 97 and 104 cubic metres per hectare respectively. The third and final harvest is expected to yield approximately 340 cubic metres per hectare at 25 years of age.

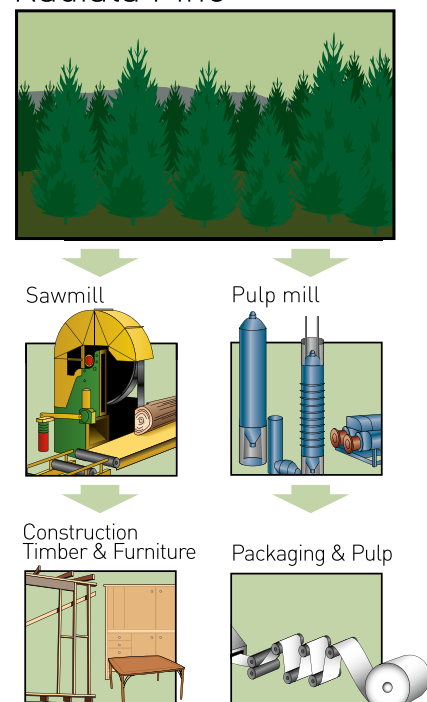
The period to thinning and final harvest is an estimate based on Gunns' plantation experience. The time of thinning and final harvest will be determined by the Manager having regard to factors such as growth rates and market demand. Trees on your Woodlots will be sold on a Stumpage basis, that is, the tree will be sold standing on the stump and does not include the costs of harvesting and processing. These costs are the responsibility of the purchaser.

Market Information

All wood grown under Option 3 of the Project will be Pinus radiata and will all be sold as softwood pulp logs and softwood saw logs and purchased from Growers on a stumpage basis. It is proposed that pulp logs grown under Option 3 will be transported to a chipping mill and then on-sold as softwood chips to a pulp mill before being processed into paper or other packaging materials. All saw logs grown under Option 3 will be transported directly to a saw mill for processing and sale in the furniture and construction industries (see Section 15.5 for further information).

Option 3

Radiata Pine



Note: Growers' wood will be sold on a Stumpage basis.

Blended Option

Summary

GPL is giving Growers the opportunity to invest across GPL's three Planting Options, and thus the ability to benefit from the diversifying their investment across separate markets and geographical areas at a discounted rate. The structure of the Blended Option will be two Option 1 Woodlots, one Option 2 Woodlot and one Option 3 Woodlot. Therefore the cash flow structure for the Blended Option is anticipated to be:

Year	Cash Flow Item
Year 0	Application Fee - \$28,424 (inclusive of GST)
Year 4	[Option 2 Pruning - \$810*]
Year 6	[Option 2 Pruning - \$867*]
Year 7	[Option 2 Pruning - \$924*]
Year 9	Option 1 – Thinning Option 2 – Thinning
Year 13	Option 1 – Clearfall Option 3 – First Thinning
Year 18	Option 3 – Second Thinning
Year 20	Option 2 – Clearfall
Year 25	Option 3 – Clearfall

* Fees inclusive of GST and subject to CPI.

Application Fee

An Application Fee of \$28,424 (inclusive of GST) is payable for an investment in the Blended Option, which equates to a 5% discount from the cost of the Application Fee for each Woodlot if purchased individually.

Rent, Maintenance and Sales Commission

All Ongoing Fees are payable as per the individual planting Options. Therefore there are no ongoing rent or maintenance fees payable during the course of the Project. These costs together with the Sales Commission payable to GPL will be deducted from any Wood Sale Proceeds. These fees will in total amount to 16.5% of the Wood Sale Proceeds (inclusive of GST). Refer to Section 12 for full details on the applicable fees.

Pruning

The Baseline Pruning Fee is payable as per Planting Option 2. The Baseline Pruning Fee (inclusive of GST) will be \$810 in Year 4, \$867 in Year 6 and \$924 in Year 7. The Baseline Pruning Fee will increase in line with inflation. Actual years in which the stands are pruned may vary depending on growth rates of the trees.

Income

It is anticipated that income will be derived for the thinning and clearfall of each of the Planting Options as per the table above.

Fees amounting to 16.5% of the Wood Sale Proceeds (inclusive of GST) will be deducted from Growers' gross income to pay for Rental Fee, Maintenance Fee and Sales Commission.

Harvest

It is expected that there will be seven harvests in five individual years. The first harvests are the result of commercial thinnings for Option 1 and Option 2 in approximately Year 9 and the final harvest is expected to be the clearfall for Option 3, taking place in Year 25. Each harvest is anticipated to be conducted as per the maintenance and harvest regimes of each Planting Option.

Market Information

The wood grown under the Blended Option will be both hardwood (*Eucalyptus globulus* or *Eucalyptus nitens*) and softwood (*Radiata Pine*). The wood will therefore be sold as hardwood pulp logs, hardwood veneer logs, softwood pulp logs and softwood saw logs. All wood will be sold and purchased from Growers on a Stumpage basis. Gunns Ltd have committed to enter into an agreement for the purchase of all Growers' wood grown in Tasmania in the form of the draft Wood Sale Agreement.

Overview of the Project



Application process

To participate in this project you must complete the Application and Power of Attorney Form at the back of this PDS and pay the Application Fee. In completing the Application and Power of Attorney Form you will be required to nominate the planting option and the number of Woodlots you wish to invest in.

Grant of Forestry Right

After your Application has been accepted, you will acquire a Forestry Right over one or more Woodlots, each comprising approximately one hectare of land. For this purpose you will enter into a Sub-Forestry Right Deed under which you will be granted a Forestry Right by GPL.

Forestry Rights are contractual agreements entered into with landowners giving GPL (and through the Sub-Forestry Right Deed, Growers) a right to establish, maintain and harvest the trees on the Woodlot during the term of the agreement. Growers will be provided with a statement setting out details of their Woodlot(s).

Land will either be owned by Gunns or leased from third party landowners or other Gunns group entities. GPL will enter into an Agreement to grant a Sub-Forestry Right, recording its commitment to the Grower to enter into the Sub-Forestry Right Deed for the grant of the Forestry Right. In the event that

a Forestry Right Deed is not executed in GPL's favour within 9 months of your application being accepted, you will be entitled to receive a full refund of your investment.

Planting of trees

Trees will be planted on your Woodlot in accordance with the planting option you select. Planting will be undertaken within 12 months of the date on which the Application Fee is paid or the Manager is first permitted to access the land for the purpose of establishing the plantation, whichever is later. However, if the 12 month period extends beyond 30 June of the financial year immediately following the year in which the Application Fee is paid, the plantation establishment will be completed by that 30 June.

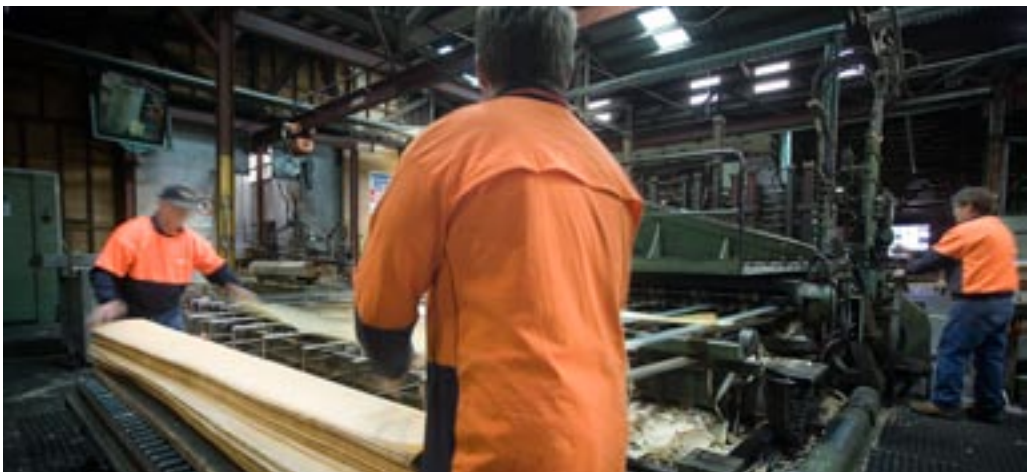
Stocking Guarantee

GPL, as Manager, guarantees to maintain a minimum stocking level of 90% of the average initial planting density for the first 2 years of the Project for all Planting Options.

Seedling Quality

All seedlings used for the Project will be grown from genetically improved seed (seed sourced from seed orchards). Gunns is routinely selecting seed from second generation seed orchards for eucalypts and has already established its own third generation of seed orchards.

No seed used for the Project will be taken from native forest stands. The seed used for Option 3 will be the best genetically improved seed available.



Management of Woodlot

You will appoint GPL as Manager of your Woodlot for the life of the Project. For this purpose, you will enter into a Management Agreement. As Manager, GPL will be responsible for certain services including:

- establishing your Woodlot including preparing the land for planting;
- supplying and planting seedlings;
- ongoing maintenance of your Woodlot including fertilisation, pest and weed control, maintenance of fire breaks and regular inspections;
- pruning and thinning the trees on your Woodlot in accordance with the Planting Option selected;
- negotiating with a purchaser for the sale of your trees; and
- selling your standing trees as your agent in accordance with the terms of the Draft Wood Sale Agreement.

Your Application Fee covers payment for establishing the Woodlot including preparing the land for planting. There are no on-going planting, rental or maintenance fees (other than pruning fees for Option 2 and the Blended Option) throughout the Project. However, under the Management Agreement the Manager will be paid rental and maintenance fees and a sales commission at the time of any

thinning and at final harvest which together will amount to 16.5% of the Wood Sale Proceeds (inclusive of GST) (see Section 21.2 of this PDS).

Distribution of proceeds

All gross proceeds from the sale of your trees derived from each Planting Option will be pooled. GPL or the Custodian will pay Contributing Growers (Growers who have had their trees harvested and included in the pool) their share of the net proceeds after all relevant costs and Fees have been deducted.

Carbon rights

As a Grower, you may acquire carbon rights as a result of the establishment of a regime for the trading of carbon credits. Carbon credits are permits granting the holder a right to emit a specified amount of greenhouse gas. It is unclear exactly what value carbon credits will have, if any. If during the life of the Project it becomes possible to trade carbon credits and the sale is deemed to be in the best interest of Growers then GPL will sell your carbon credits as your agent and you will be paid 50% of the net proceeds from the sale. GPL will receive the balance of the net proceeds in consideration for the transfer to you of the rights to carbon credits and as a service fee for acting as your selling agent.

The Kyoto Protocol recognises certain forestry sector activities that remove greenhouse gases from the atmosphere – known as “carbon sinks”.

It was not until December 2007 that Australia ratified the Protocol and made its intentions known to introduce an Emission Trading Scheme (ETS) on 1 July 2010. Whether Growers will be able to take advantage of the ETS and create and sell carbon credits, or not, is still unknown and will depend on the makeup of the final legislation.

For further information relating to carbon credits please refer to the Independent Forester's & Independent Market Report in Section 19 of this PDS.

Finance for investment

Finance for your investment may be available through Gunns Finance Pty Ltd, including a 12 month interest free loan. Please note that finance will be made available to approved applicants only. If you wish to apply for finance through Gunns Finance Pty Ltd, you should contact your financial adviser for further information.

Project structure

The Project has been registered with ASIC as a managed investment scheme. GPL has been issued with an Australian Financial Services



Licence (AFSL) (Number 238701) and has assumed the role of Responsible Entity of the Project. The Project will be managed by GPL in accordance with the terms of the Constitution. It is a term of GPL's AFSL that it appoints a custodian to hold the Application Money and Gross Proceeds. Gunns has been appointed as Custodian for this purpose.

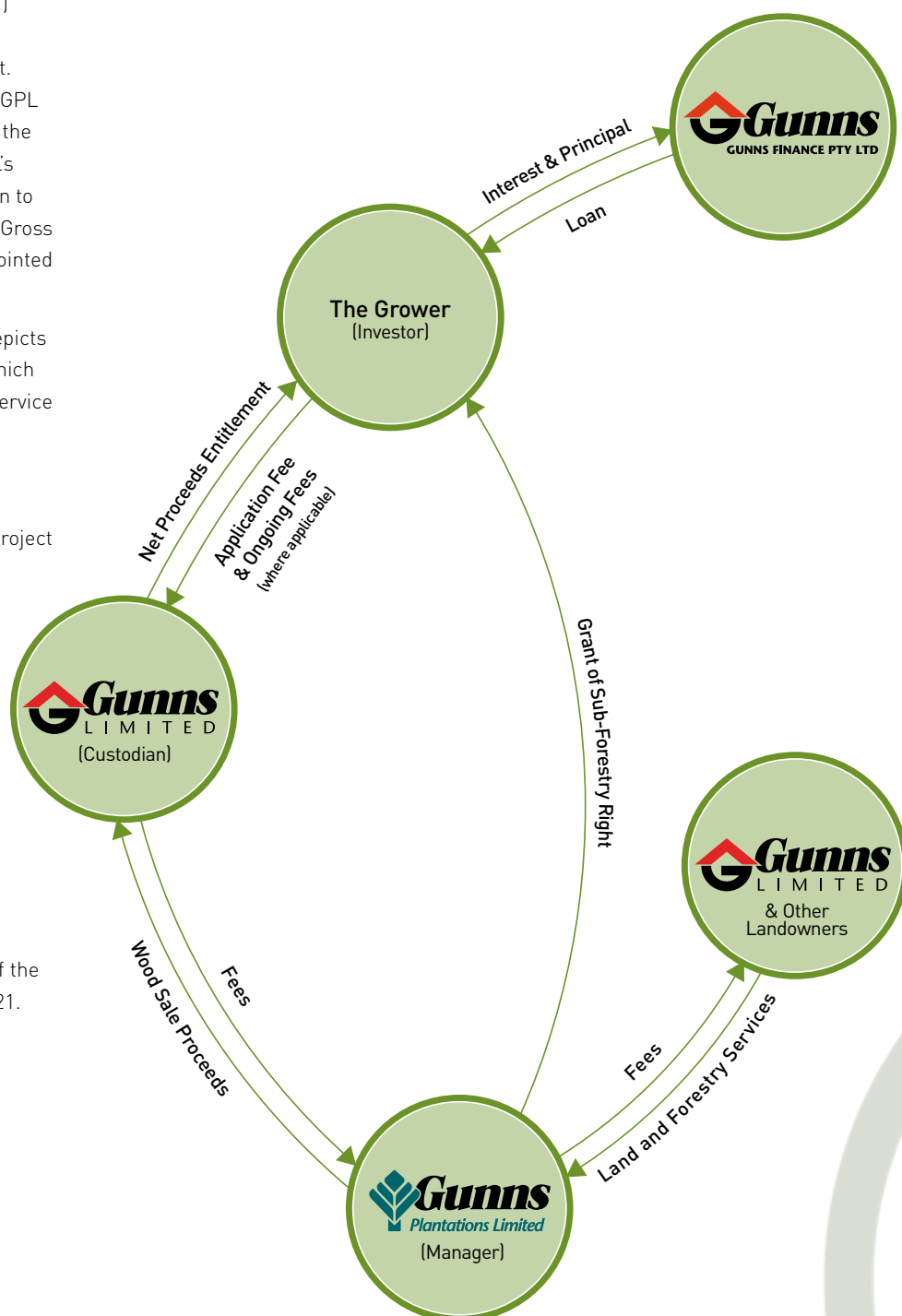
The diagram set out opposite depicts a simplified Project structure which shows the general money and service movements.

Material contracts

The material contracts for the Project are the:

- Constitution;
- Management Agreement;
- Forestry Right Deed;
- Agreement to grant a Sub-Forestry Right;
- Sub-Forestry Right Deed;
- Deed Poll; and
- Draft Wood Sale Agreements.

For more information on each of the material contracts see Section 21.



Risks & Safeguards

Risks

An investment of this kind is subject to a variety of risks, both anticipated and unanticipated. Risks can potentially have a material effect on returns achieved by investors in the project.

General risks of forestry plantations

Participation in the Project is subject to the general risks associated with forestry plantations including fire, wind, disease, pests, drought and wood prices. As a result there is a risk that the prices obtained for a Grower's trees might be less than anticipated. A number of the risks involve influences outside of GPL's control including the climatic conditions throughout the life of the Project. For example, there is a risk that a succession of seasons of significantly below average rainfall could reduce the anticipated yield.

The risk of damage to plantations by fire is relatively low in the areas being selected for plantation development by GPL due to the high levels of rainfall and the sophisticated systems of surveillance and response that have been put in place. The risk of damage by fire is further reduced by virtue of the fact that the plantings from each Planting Option are spread over multiple properties. However, Growers have the option of taking out additional insurance against loss from fire and other usual risks. In the event that a Grower takes out additional insurance and makes a successful claim, that Grower will be entitled to the proceeds of the insurance in their own right and the insurance proceeds will not form part of the pool. That Grower will not

receive an entitlement from the sales proceeds in respect of the woodlot in relation to which the claim was made.

For further information in relation to general risks see the Independent Forester's and Independent Market Report in Section 19.

Market risks

Risk factors that could potentially impact on market demand, and therefore the market price for timber, include the possibility of developing substitute products for wood pulp or paper or a decline in the use of paper and paper products generally. Market demand could also be impacted by the introduction of, or increased competitiveness of, alternative suppliers in the world market or an over supply of product into the world market. Any shift in market demand could potentially have a significant impact on the stumpage price obtained for Growers' trees and therefore the returns achieved by investors in the Project.

Grower liability

While it is not anticipated that Growers will have any liability flowing from the Project other than for ongoing costs, it is not possible to give an assurance that the liability of Growers is limited.



Assignment of your interest

While you will have the right to assign your interest in the Project your right is subject to compliance with the provisions of the Constitution, the Sub-Forestry Right Deed, the Management Agreement and the Corporations Act. There is currently no active secondary market for interests in the Project. Investment in the Project should be considered long term.

From 1 July 2007, initial investors in a forestry managed investment scheme can trade their interests once they have been held for a period of at least four years. Growers should seek independent legal and taxation advice before deciding to trade or assign an interest in the Project.

Taxation

GPL does not guarantee the amount or timing of any tax deduction and in the event that the Project is not operated in accordance with the product ruling(s), there remains the risk that the ATO may disallow any such claim.

There is always a risk that the rate of GST will increase beyond the current rate of 10%. If the rate of GST does increase then any unpaid Application Fee and any other ongoing fees will be adjusted to reflect the changed rate.

Acquisition of Land

Up to the date of this PDS, GPL has secured 10,000 hectares of land in Tasmania and New South Wales from Gunns, entities within the Gunns group and third party landowners, which it intends to use for the Project. GPL and Gunns are also currently looking to purchase and/or obtain forestry rights over further land for the Project in both States.

Past projects and Gunns extensive experience in obtaining suitable land for forestry operations show that there is an abundance of land in Tasmania and New South Wales that may be sourced by either Gunns or GPL.

However, there remains a minor risk that GPL may not be able to obtain forestry rights over enough land to satisfy all applications accepted under the Project within nine months of Growers being accepted into the Project. In such an event, GPL will, within 14 days of receiving a written request from the affected Grower (whom GPL will have notified no later than 7 days after the expiration of that period), refund the full amount of the Application Fee.

Safeguards

Custodian

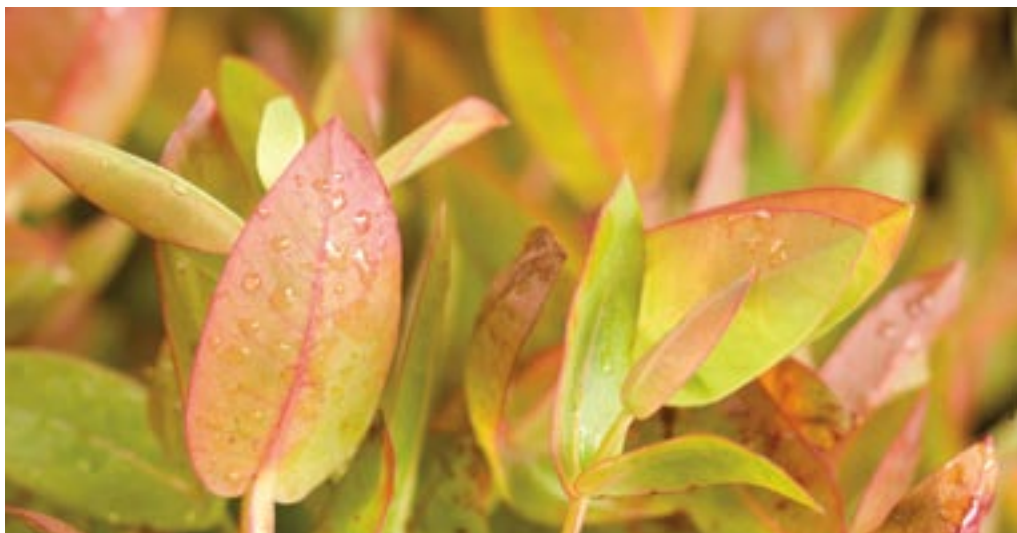
GPL has appointed Gunns as Custodian, to hold the Application Money, Gross Proceeds and Carbon Rights Proceeds.

Assignment by GPL

Under the terms of the Management Agreement, GPL is not able to assign its rights and obligations without first obtaining a deed of covenant in the name of the assignee assuming all of its rights and obligations.

Independent Forester's inspection

GPL's Operations Manager will inspect each plantation at least once annually and will assess and document its performance. The Operations Manager will submit a report to the Independent Forester accordingly. The Independent Forester will then inspect a sample of the plantations and prepare a written report in relation to the progress of growth of the trees and the status of Growers' Woodlots annually from Year 2. You will be provided with a copy of the Independent Forester's Report within 30 days of GPL receiving it. VDFC Forestry Consultants has been retained as the Independent Forester and will continue in that capacity for so long as they are able to fulfil that role.



Diversification

The Blended Option is provided as a method of diversifying a client's investment across four (4) different forest product markets and two (2) geographic regions with the one quality manager. This will reduce the impact of any market volatility in any single part of the forest products market as well as any potential environmental risk events in a growing area.

Pooling and proceeds

All proceeds from harvesting of each Planting Option will be pooled for the mutual benefit of all Growers who have applied to participate in that Planting Option and who have contributed trees to the pool. In addition, all wood grown in Tasmania will be spread over multiple properties across the State. The balance of the Project sites will be strategically located in chosen areas of the Southern Highlands region of New South Wales within an economic cart distance of processing plants. In this way, individual Contributing Growers will be protected from losses and damage resulting from fire, diseases, pests and the impact of weather and climatic events to their individual Woodlot(s).

Stocking guarantee

GPL, as Manager, guarantees to maintain a minimum stocking level of 90% of the average initial planting density for the first 2 years of the Project for all Planting Options.

Insurance

GPL will arrange for insurance in its name and the names of the Growers against public liability arising out of the use of the Project land up to an amount of \$20,000,000. GPL will pay for the cost of public liability insurance. In addition, Growers are free to insure their Woodlots against loss from fire and other usual risks if they wish to do so. If requested in writing, GPL will use its best endeavours to arrange insurance requested by a Grower. The Grower will be invoiced for the cost of the insurance plus a 10% service charge (plus any applicable GST).

If a Grower elects to take out additional insurance, the insurance policy will be for the benefit of the Grower and any proceeds obtained will not be pooled. In the event that a Grower takes out additional insurance and makes a successful claim, that Grower will not receive a pro-rata entitlement from the pooled sale proceeds in respect of the Woodlot in relation to which the claim was made. In this event the Grower must pay to the Manager a fee equal to 16.5% of the insurance proceeds received in respect of the claim (inclusive of GST) within 30 days of receipt of those proceeds in satisfaction of the Maintenance Fee and Rental Fee for the Woodlot or part of the Woodlot destroyed or damaged.

Protection against adverse dealings

Prior to the registration of the Forestry Right, GPL conducts a search of the title(s) to determine if there are any prior registered interests on the title(s) that might adversely affect the use of that land for the Project. Once the Forestry Right is registered any subsequent dealings lodged against the title are subject to the registered Forestry Right.

Protection of underlying land

It is a requirement of GPL's AFSL that GPL arrange to enter into and lodge for registration, in accordance with the relevant State land titles legislation, a Forestry Right between GPL and the landowner for the Project land. The Forestry Right requires that any mortgagee consent to registration of the Forestry Right. Under the Project's Constitution, GPL must also grant a Forestry Right to a Grower within 9 months of the issue of an interest in the Project to that Grower. GPL must notify the Grower in writing no later than 7 days after the expiration of that period if the Forestry Right has not been granted. The Grower then has the right to withdraw from the Project in accordance with the procedures set out in Constitution and Management Agreement.

Project Fees and Returns

You should read all of the information about fees and charges as it is important to understand their impact on your investment in the Project.

Overview

The Project has a one-off upfront Application Fee of \$7,480 (inclusive of GST) for individual Woodlots in all three Planting Options. This fee represents the total cost for the Woodlot establishment and planting.

The Blended Option Application Fee is \$28,424 (inclusive of GST). This represents a 5% discount on the individual Woodlot price for four Woodlots.

There are no ongoing rent or maintenance fees payable during the course of the Project for any of the three Planting Options or the Blended Option. These costs, together with the Sales Commission payable to

GPL will be paid out of Wood Sale Proceeds. These fees will amount to a total of 16.5% of Wood Sale Proceeds (inclusive of GST).

Option 2 Growers (including Growers that choose to enter the Blended Option) must pay pruning expenses in Years 4, 6 and 7 (approx.). The Baseline Pruning Fees are \$810 in Year 4, \$867 in Year 6 and \$924 in Year 7. These fees are inclusive of GST and will be indexed annually to CPI.

This section also describes the "floor price" mechanism contained in the Draft Wood Sale Agreement (relevant to Option 1 and Option 2 only). Under the Draft Wood Sale Agreement Gunns will pay Growers the greater of either the market stumpage price or

the price determined by applying the "floor price" mechanism at the time of harvest for wood harvested under Option 1 and Option 2.

Wood harvested under Option 3 will be sold at least at market value to the purchaser, taking into account the price paid by the purchaser to other major plantation suppliers in the same region for the relevant log-type at the time of harvest.

12.1 Fees Payable

The table below outlines all fees applicable in the Project for all Planting Options.

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Table 1: Fees Payable for a each Planting Option or Blended Option

Fee	Option 1	Option 2	Option 3	Blended Option	How and When Paid (if applicable)
	Eucalyptus Pulp wood (13 years approx.)	Eucalyptus Veneer & Pulp wood (20 years approx.)	Radiata pine Saw log & Pulp wood (25 years approx.)	Four Woodlots - two Option 1, one Option 2 and one Option 3 (25 years approx.)	
Application Fee	\$7,480	\$7,480	\$7,480	\$28,424	On Application
Rental Fee	5.5% of Wood Sale Proceeds	5.5% of Wood Sale Proceeds	5.5% of Wood Sale Proceeds	5.5% of Wood Sale Proceeds	At both thinnings and clearfall
Maintenance Fee	8.8% of Wood Sale Proceeds	8.8% of Wood Sale Proceeds	8.8% of Wood Sale Proceeds	8.8% of Wood Sale Proceeds	At both thinnings and clearfall
Baseline Pruning Fees	Not applicable	Year 4 (approx.) - \$810 Year 6 (approx.) - \$867 Year 7 (approx.) - \$924	Not applicable	Year 4 (approx.) - \$810 Year 6 (approx.) - \$867 Year 7 (approx.) - \$924	Growers invoiced in Years pruning occurs.
Sales Commission	2.2% of Wood Sale Proceeds	2.2% of Wood Sale Proceeds	2.2% of Wood Sale Proceeds	2.2% of Wood Sale Proceeds	At both thinnings and clearfall

No out of pocket expenses for land rental and maintenance fees.

All fees listed are inclusive of GST and are subject to indexation.

12.2 Returns to Growers

Growers are expected to receive returns following the sale of their wood harvested from commercial thinnings and final harvest. However, it is difficult to project with certainty the returns to Growers from investing in the Project having regard to the length of time to harvest.

The long term trend for "Free on Board" (FOB) prices for woodchips produced from eucalyptus pulpwood has been for the FOB price in real terms to remain relatively stable. The historic prices paid for Eucalyptus decorative veneer logs and *Pinus radiata* saw logs and pulpwood are discussed in some detail in the Independent Forester's and Independent Market report.

Other factors that will affect stumpage prices achieved for timber harvested in the Project are yield, growth rates and the timing of harvest. These factors are discussed for each Planting Option in this Section 12 and the Independent Forester's and Independent Market Report in Section 19.

12.3 Off-take Agreements

GPL has undertaken several steps to remain at the forefront of the agribusiness industry. GPL will seek to market Growers' wood such that it can secure off-take agreements for all wood grown under each Planting Option as soon as possible. GPL has secured an off-take agreement with Gunns for Wood harvested under Option 1, Option 2 and Option 3 (wood grown in Tasmania only). Under this agreement, Gunns is committed to enter into an arrangement to purchase Growers' Wood harvested at a market stumpage price at the time of each harvest in the form of the Draft Wood Sale Agreement.

GPL is also currently using its prominent position in the forestry plantation sector to negotiate further off take arrangements with other major purchasers of pine pulp logs and saw logs in New South Wales. The addition of a *Pinus radiata* saw log regime and the move to the Southern Highlands region of New South Wales has

been strongly demand driven. The softwood industry in both Tasmania and the Tumut/Tumbarumba region of New South Wales is growing and accordingly GPL is confident that it will successfully negotiate off-take agreements for Growers' wood. Growers will be notified in writing by GPL when off-take agreements are arranged with purchasers of pine pulp logs and saw logs in New South Wales grown under Option 3 or if there is any significant change to the marketing plan.

Table 2: Off-take agreements between GPL and purchasers of Growers' wood.

Option	Location	Wood Type	Purchaser
Option 1	Tasmania	Eucalyptus pulp logs	Gunns Ltd
Option 2	Tasmania	Eucalyptus pulp logs & veneer logs	Gunns Ltd
Option 3	Tasmania	<i>Pinus radiata</i> pulp logs	Gunns Ltd
Option 3	Tasmania	<i>Pinus radiata</i> saw logs	Gunns Ltd
Option 3	New South Wales	<i>Pinus radiata</i> pulp logs	Under negotiation
Option 3	New South Wales	<i>Pinus radiata</i> saw logs	Under negotiation

Option 1 and Option 2 – The Floor Price Mechanism

GPL is committed to providing the best possible project of its kind and investors in the Project continue to benefit from the inclusion of a “floor price mechanism”, provided for in the Draft Wood Sale Agreement. Under the terms of the Draft Wood Sale Agreement, Gunns will pay Growers the greater of the market stumpage price and the price determined by applying the “floor price” mechanism for their timber (Option 1 and Option 2 only).

The “floor price” mechanism is simple and applies to both wood sold as pulp logs as well as those sold as veneer logs in Option 1 and Option 2. The pulpwood floor price paid to investors at clear fall for wood purchased at the stump is 39% of the “Free on Board” (FOB) price for hardwood wood fibre exports at the time of harvest (expressed in green metric tonnes (GMT) and is approximately 48% of the price in bone dry metric tonnes (BDMT)). The floor price paid to investors at thinning is 90% of this figure.

For veneer logs the “floor price” will be 7% of the saleable veneer value in cubic metres. There are approximately 600 square metres of veneer leaves per cubic metre of veneer log.

At today’s FOB price of \$207.40/BDMT (2009), the pulpwood floor price stumpage at clearfall would equate to \$38.23/GMT, if clear fall were to occur today. At today’s average selling price for veneer leaves of \$2.90/m², the veneer log floor price would equate to \$121.80/GMT.

The price to be paid under the Draft Wood Sale Agreement is on a market stumpage basis and the “floor price” mechanism complements this commitment. Both Gunns and GPL recognise the requirement for pricing transparency in the managed investment scheme agro-forestry arena and are committed to ensuring that they are at the forefront of the industry in relation to returns to investors.

Option 3 – Sales of Radiata Pine Saw logs and Pulp logs

GPL has secured an off-take agreement with Gunns for pulp logs and saw logs grown in Tasmania under Option 3. There are several potential purchasers of wood grown in the Southern Highlands region of New South Wales under Option 3 of the Project. This wood is being grown in areas where the existing forest products industry is expanding and being fostered by local government and community support. Some of these potential purchasers are mentioned below.

Gunns is the dominant consumer of pine saw logs in Tasmania. Gunns also acquired Auspine throughout 2007 and 2008. Auspine has distribution centres in all states, supplying valued customers with Radiata pine products, treated pine products, remanufactured products, international timbers and associated products. Auspine’s processing plant in Tasmania is situated in Scottsdale (North Eastern Tasmania). Accordingly, Gunns has acquired control of state of the art manufacturing facilities in South Australia, Tasmania and Victoria.

For Radiata pine pulp logs and saw logs produced in Tasmania, an off-take agreement has been reached with Gunns Limited.

The dominant consumers of Radiata pine saw logs and pulp logs produced in the Southern Highlands region of New South Wales include Hyne & Son Pty Limited and Carter Holt Harvey (saw logs) and Visy Industries Holdings Pty Ltd (pulp logs).

Hyne & Son has extensive interests in timber processing, wholesaling and exporting. The company’s operations include sawmills, timber manufacturing plants and distribution outlets. Hyne & Son has operations extending from Cairns in far North Queensland through New South Wales and to Melbourne in Victoria – there is a sawmill at Tumbarumba, near Tumut, that is a potential purchaser of the logs grown locally under the Project.

The Carter Holt Harvey Tumut sawmill is situated at the base of the Snowy Mountains. The mill is a major source of pine products for the Australian housing industry, converting logs from local Radiata pine plantations into timber that is used for wall and roof frames. In addition, the mill makes a number of treated timber products. Carter Holt Harvey is an international forest products company, with facilities all over the world, from North America to New Zealand. The Tumut sawmill employs two log lines for its timber processing. The small log line handles the majority of logs and constitutes the primary operation in the mill.

Visy Industries is at the forefront of the global packaging industry, offering an extensive range of cost-effective corrugated and fibre boxes in various sizes, gauges and

configurations to suit every industry. From a basic brown cardboard box to a carton display complex colour graphics, lightweight to heavy-duty containers, Visy offers a complete packaging service. Using sophisticated laboratory-based research including high humidity paper and box testing, Visy offers high quality, high performance packaging. Visy commenced operation of its plantation pine based, unbleached kraft pulp and paper mill at Tumut in New South Wales, in May 2001. It's current \$460 million Stage 2 expansion (expected to be completed by October 2009) will almost double the mill's capacity to 700,000 tonnes of paper production per year.

All timber supplied to these purchasers has been produced entirely from sustainably managed forests such as those grown under the Project. The Draft Wood Sale Agreement provides that wood harvested under Option 3 will be sold at least at the prevailing market stumpage price, taking into account the price paid by the purchaser to other major plantation suppliers in the same region for the relevant log-type at the time of harvest. GPL reasonably expects that it will also obtain at least the prevailing market stumpage price for wood grown under this option due to the quality of its operations and the growing market demand in the regions in which it is being grown.

12.4 Important Additional Disclosure Items

Adviser Remuneration

Commissions paid to advisers or persons involved in distribution or promotion of interests in this Project will be paid by GPL from its own funds and do not represent an extra amount to be paid by you or from your investment in the Project. GPL's standard commission rate is 8% of the total Application Fee. However, in certain circumstances GPL may pay commissions up to a maximum of 10% of the Application Fee to a licensed adviser and may also pay trailing commissions.

General Notes

The returns achieved by Growers from investing in the Project will vary depending on whether the Grower elects to gear the investment and the Grower's individual tax rate.

Where Growers are registered for GST they will be entitled to an input tax credit equal to 1/11th of the GST inclusive fee. Where Growers are registered for GST, the tax deduction claimed will exclude any amounts of input tax credit. All figures quoted above and elsewhere in this PDS include GST unless otherwise noted. Should the rate of GST change from 10%, then any unpaid Application Fee and any other ongoing costs will be adjusted to reflect the changed rate.

There are no ongoing costs for land rental and maintenance. These costs together with the Sales Commission payable to GPL will be deducted from the Wood Sale Proceeds. These fees will in total amount to 16.5% of the Wood Sale Proceeds (inclusive of GST). Stumpage prices for timber

harvested in the Project are paid in Australian dollars and fluctuate according to a variety of factors including movements in costs as well as market demand and the FOB price paid for export eucalypt woodchips. While the movement in exchange rates may impact the FOB price obtainable for wood harvested in the project, there does not appear to be any direct correlation between movements in exchange rates and FOB prices. This conclusion is based on a comparison of movements in the Australian to Japanese and Australian to United States exchange rates with movements in FOB prices over the last ten years.

The estimates by Directors in relation to yield, growth rates and the timing of harvest are all supported by the Independent Forester's and Independent Market Report set out in Section 19. The Directors of GPL are satisfied that each of the estimates in relation to yield, growth rates and timing of harvests are objectively reasonable having regard to the information in the Independent Forester's and Independent Market Report set out in Section 19.

The Directors are satisfied that, given the expertise of the Independent Forester, it is reasonable to rely on the information it has provided and the conclusions it has drawn in support of the estimates. However, estimates by their very nature are subject to significant risks, uncertainties and contingencies, many of which are outside the control of GPL. Accordingly, material differences may occur between estimated and actual yield, growth rates and harvest timing.

12.5 Enhanced Fee Disclosure Requirements

The following section is included in this PDS solely to comply with the new enhanced fees and costs disclosure regulations pursuant to the Corporations Act that came into force on 1 July 2006.

- The information required to be provided by the new regulations is shown in green. Although GPL is obliged by law to provide the following information, GPL is of the view that some of the prescribed information requirements are not relevant for agricultural managed investments schemes such as the Project.
- Those parts which are not relevant, as they do not apply to the Project, are shown in orange.
- The other information refers to the nature of the Project as it relates to the new regulations.

Fees and other costs

Consumer Advisory Warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period:
(for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

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TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a [superannuation or managed investment fee] calculator to help you check out different fee options.

Note: GPL is obliged to provide you with the above Consumer Advisory Warning. Please note that some of the information contained in it is not relevant to the Project. The warning refers to "your fund balance" but there is no concept of "your fund balance" in the Project. The duration of the Project is not for a 30 year period. There are no fees or costs in the Project that are able to be negotiated. The ASIC website referred to does not allow for a comparison of fees for agricultural managed investment schemes like the Project.

This document shows fees and other costs that you may be charged.
These fees and costs may be deducted from your money, from the returns on your investment
or from the fund assets as a whole.

Taxes and insurance costs are set out in another part of this document.

You have 2 different fee payment options:

- (a) to pay contribution fees upfront, at the time when you make each investment into the fund; or
- (b) to pay contribution fees later (for example, on the termination of your investment or by way of other increased fees).

Note: You may pay more in total fees if you choose to pay contribution fees later.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Note: The above comments are not relevant to the Project as there are no different prepayment options. In this PDS, we refer to "your money" as the Application Fee.

TABLE 3

TYPE OF FEE OR COST	AMOUNT		HOW AND WHEN PAID
	Option to pay contribution fees upfront	Option to pay contribution fees later	
Fees when your money moves in or out of the fund			
Establishment fee The fee to open your investment	Not applicable	Not applicable	Not applicable
Contribution fee¹ The fee on each amount contributed to your investment – either you or your employer	Not applicable	Not applicable	Not applicable
Withdrawal fee¹ The fee on each amount you take out of your investment	Not applicable	Not applicable	Not applicable
Termination fee¹ The fee to close your investment	Not applicable	Not applicable	Not applicable
Management Costs			
The fees and costs for managing your investment ¹	Refer to Table 4	Refer to Table 4	Refer to Table 4
The amount you pay for specific investment options is shown at page [insert page number]. Not inserted as there are no options available for this Project	Not applicable	Not applicable	Not applicable
Service fees²			
Investment switching fee The fee for changing investment options	Not applicable	Not applicable	Not applicable

¹ [Where relevant] This fee includes an amount payable to an adviser. (See 'adviser remuneration' under the heading 'Additional Explanation of Fees and Costs'.)

² [If there are other service fees, such as advisor service fees or special request fees, include a cross reference to the 'Additional Explanation of Fees and Costs'.]

TABLE 4

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
	Option to pay contribution fees upfront	Option to pay contribution fees later
Fees when your money moves in or out of the fund		
Application fee The upfront fee payable in respect of each Woodlot applied for under this PDS	\$7,480 (inclusive of GST) – no options available	On application.
Management Costs - The fees and costs for managing your investment		
Pruning Costs – Option 1		Not applicable.
Pruning Costs – Option 2	\$810 (inclusive of GST) - no options available \$867 (inclusive of GST) - no options available \$924 (inclusive of GST) - no options available	Year 4 (approx.) Year 6 (approx.) Year 7 (approx.)
Pruning Costs – Option 3		Not applicable.
Pruning Costs – Blended Option	\$810 (inclusive of GST) - no options available \$867 (inclusive of GST) - no options available \$924 (inclusive of GST) - no options available	Year 4 (approx.) Year 6 (approx.) Year 7 (approx.)
Rent, Maintenance and Sales Commission Option 1, Option 2, Option 3 and Blended Option	16.5% of Wood Sale Proceeds (inclusive of GST)	Paid out of Wood Sale Proceeds.

All fees are inclusive of GST and indexed annually to CPI.

Additional Explanation of Fees and Costs

Taxation

For information about taxation costs and deductions, including the treatment of GST, you should read Sections 16 and 20 of this PDS.

1. Worked Example of Fees and Costs

Example of annual fees and costs for managed investment products.

This table gives an example of how the fees and costs in the balanced investment option for this product can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – the Balanced Investment Option		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution Fees	0-4%	For every additional \$5,000 you put in, you will be charged between \$0 and \$200.
PLUS Management Costs	1.3%	And, for every \$50,000 you have in the fund you will be charged \$650 each year.
EQUALS Cost of fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of from: \$650 to \$850*
		What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser.

* Additional fees may apply:
Establishment fee - \$50
And, if you leave the fund early, you may also be charged withdrawal fees of between 0 and 5% of your total fund balance (between \$0 and \$2,500 for every \$50,000 you withdraw)
Note: GPL is obliged by law to insert a table giving an example of how the fees and costs for this product can affect your investment over a one year period.

GPL believes that it is not appropriate to provide worked examples of the Rental Fee, Maintenance Fee and Sales Commission because it is not possible to make a reasonable estimate of these fees. This is because these fees are based on a percentage of the Wood Sale Proceeds. It is not possible to make a reasonable estimate of these sale proceeds as they will be received many years into the future and as a number of variables will affect the Wood Sale Proceeds. Furthermore, the Corporations Act prohibits prospective financial information being provided where it can not be given on reasonable grounds.

GPL also believes that it is not appropriate to provide worked examples of the costs of sale, because it is not possible to make a reasonable estimate of these costs given that they relate to costs which will be paid many years into the future.

There is a cash flow calculator available on the GPL website which can be used to assess the likely impact of an investment on a potential investor's cash flow and taxation position.

1.Example of Annual Fees and Costs on a Balance of \$50,000

Note: GPL is required by law to give an example of how the fees and the Project can affect your investment over a one year period based on a fund balance of \$50,000 with a contribution of \$5,000 during the year so that you can compare this product with other managed investment products.

While such an example is relevant for other products, there is no concept of fund balance or additional contributions for the Project, nor is there a Contribution Fee.

The Project does have ongoing Rental Fees, Maintenance Fees and Sales Commission. However, GPL believes that it is not possible to give the prescribed \$50,000 balance example in relation to the Rental Fee, Maintenance Fee and Sales Commission because it is not possible to make a reasonable estimate of these fees. These fees are a percentage of the Wood Sale Proceeds. It is not possible to make a reasonable estimate of these sale proceeds given that they will be received many years into the future and as a number of variables will affect the Wood Sale Proceeds.

There is a cash flow calculator available on the GPL website which can be used to assess the likely impact of an investment on a potential investor's cash flow and taxation position.

Commonly Asked Questions

Set out below are some commonly asked questions in relation to an investment by a Grower under this PDS.

Why invest with GPL?

GPL is a wholly owned subsidiary of Gunns, Australia's oldest and largest fully integrated hardwood forest products company with a market capitalisation of over AUD 700 million (January 2009). Gunns has over three decades experience in establishing and managing plantations and is one of Australia's largest owners and managers of hardwood plantations. Gunns manages a plantation estate in excess of 200,000 hectares, which it either owns outright or manages on behalf of others in joint ventures or for investors in GPL. GPL has much experience in establishing and operating forestry managed investment schemes, having released eight previous woodlot projects.

Because Gunns is Australia's largest processor of hardwood logs and because of the proposed pulp mill to be located at Bell Bay, Northern Tasmania, which will operate on both hardwood and softwood pulpwood, Gunns is able to commit to enter into the Draft Wood Sale Agreement for the purchase of Growers' plantation wood (for all wood grown under Option 1 and Option 2 and also for pulp logs and saw logs grown in Tasmania under Option 3). Wood grown under this Project is regarded as a major source of future wood supply for Gunns.

Because of the Gunns group's reputation as a respected manager of agricultural investments as well as a proven forest manager, GPL is

confident of off-take agreements being negotiated with a number of other leading forest products companies in the Southern Highlands region of New South Wales for softwood pulp logs and saw logs.

Who owns the land my trees are grown on?

The land is owned by either Gunns or leased from third party landowners or other Gunns entities. Those entities may include Wesley Vale Engineering Pty Ltd (ACN 006 955 568) and/or ANZ Specialist Asset Management Ltd (ACN 098 827 671) as trustee for Australian Forestry Plantations Trust and/or Australian Forestry Plantations Trust Number 2 and other companies within the Gunns group and trusts formed by them.

What is a Forestry Right?

A forestry right is a right that is granted by a landowner to conduct forestry operations on their land. The forestry rights under this Project are created by an agreement being entered into with the landowner giving GPL (and through the Sub-Forestry Right Deed, a Grower) a right to establish, maintain and harvest the trees on the Woodlot during the term of the agreement.

Can I sell my Woodlots?

From 1 July 2007, investors in forestry managed investment schemes (Forestry MIS) can trade their interests once they have been held by the initial investor for a period of at least four years without loss of deductibility of expenditure to acquire the interest in the scheme.

This means that initial investors in a Forestry MIS are allowed to trade their interests once they have been held for a period of at least four years without penalty. The four year restriction applies only to the initial investors in a scheme. This means that Growers in the Project can trade their interests from 1 July 2013. However, if an investor is an initial participant in the Project and sells the interest within four years of its acquisition, then the deductibility of the expenditure to acquire the interest may be lost.

You have the right to assign your interest in the Project subject to conditions set out in the Constitution and Management Agreement. You should seek independent legal and taxation advice prior to making any decision to trade or assign an interest in the Project. To assign an interest in the Project, a Grower must first obtain GPL's written consent before assigning all of its rights and obligations in the Project to the assignee. The assignee must enter

into a covenant with GPL committing the assignee to perform and observe the Grower's obligations under the Project. The Grower and the assignee must also enter into a deed under which the Grower releases GPL from all claims arising from the Project.

An assignment is not effective until the assignee is entered into the Project register. GPL as the Responsible Entity has the power to decline to register an instrument of assignment; however such approval will not be unreasonably withheld. Please note however that an investment in this Project should be considered as a long term investment and any transfer or assignment of an interest in the Project is beyond the scope of Product Rulings PR 2008/66, PR 2008/66A, PR 2008/67, PR 2008/67A, PR 2008/68, PR 2008/68A, PR 2008/69 or PR 2008/69A. GPL gives no advice or guarantee as to the impact on an individual's tax circumstances in the event of any transfer or assignment of an interest under the Project.

How is my wood sold?

Gunns has committed to enter into a wood sale agreement to purchase the plantation wood on an arms length basis for wood grown under Option 1 and Option 2 as well as Option 3 (wood grown in Tasmania only). For Option 1 and Option 2, the purchase price will be the greater of the market stumpage price of the day or a floor price linked to the price that Gunns Limited receives for the sale of the value-added product (refer to Section 12). For Option 3, the purchase price will be the prevailing market stumpage price at the time of harvest.

GPL will negotiate sale agreements with other leading forest products companies for the sale of the NSW component of Option 3.

What is "Pooling"?

All proceeds from harvesting of each Planting Option will be pooled for the mutual benefit of all Contributing Growers who have applied to participate in that option. In this way, individual Growers will be protected from losses and damage resulting from diseases, pests and the impact of weather and climatic events to their individual Woodlots, where they are nevertheless able to contribute to the pool.

How will I know how my Woodlot is performing?

GPL's Operations Manager will inspect each plantation at least once annually and will assess and document its performance. The Operations Manager will submit a report to the Independent Forester accordingly. The Independent Forester will then inspect a sample of the plantations annually from Year 2 and will prepare a written report in relation to the progress of growth of the trees and the status of Growers' Woodlots. You will be provided with a copy of the Independent Forester's Report.

What about insurance?

GPL will arrange for insurance in its name and the names of Growers against public liability arising out of the use of the Project land up to an amount of \$20,000,000. GPL will

pay for the cost of public liability insurance. In addition, individual Growers can take out insurance to cover loss from fire and other usual risks. GPL will use its best endeavours to arrange any insurance requested by a Grower. The Grower will be invoiced for the cost of the insurance plus a 10% service charge (plus any applicable GST).

The insurance policy will be in the name of the investor and any proceeds obtained will not be pooled. In the event that a Grower takes out such insurance, and makes a successful claim, that Grower will not receive a pro rata entitlement from the pooled sales proceeds in respect of those damaged Woodlots. The Grower will be required to pay GPL a fee equal to 16.5% of the insurance proceeds received in respect of the claim, in satisfaction of the outstanding Fees owed by the Grower (inclusive of GST).

Is this an environmentally friendly investment?

Growing trees is environmentally friendly as they absorb carbon, which helps to combat the "greenhouse effect".

All forest operations in Tasmania are governed by the *Forest Practices Act 1985* and forest practices plans are written for each operation. Similarly in New South Wales, the *Plantations and Reafforestation Act 1999* governs forestry plantation operations.

These statutes ensure that environmental issues are addressed prior to an operation taking place, including archaeological, flora, fauna and geomorphological issues. All of Gunns' operations are managed in



accordance with an Environmental Management System which is externally certified to international standard ISO 14001. Gunns was also the first Australian forest products company to be accredited to the Australian Forestry Standard, which takes into account strict social, economic and environmental standards.

For any operations conducted outside Tasmania, Gunns will apply the relevant legislation governing plantation establishment as well as apply the protocols necessitated by its certification to ISO 14001 and the Australian Forestry Standard (AFS).

How well do trees grow in...

Tasmania

Average growth rates for Gunns' Eucalyptus and Radiata Pine plantations in Tasmania are generally comparable with (if not better than) the growth rates experienced in other States of Australia. Tasmania's consistent and reliable rainfall, together with Gunns' silvicultural experience and site selection and maintenance regimes are critical to plantation growth rates and a key factor in minimising plantation drought death.

The Southern Highlands region of New South Wales

The Southern Highlands region of New South Wales has been specifically chosen because of its proximity to a rapidly expanding softwood processing industry as well as the availability of high quality proven sites. Gunns experience in growing plantation wood over an extended period assists in predicting growth rates on plantations it establishes.

What about carbon rights?

Under the terms of the Sub-Forestry Right Deed, you will also acquire any carbon rights that may arise from the growing of trees on your Woodlot. There is no certainty that it will be in the best interest of Growers to trade carbon rights during the life of the project. However if carbon rights do become tradeable, and it is in the best interests of Growers to do so, GPL will endeavour to sell your carbon credits as your agent. You will be paid 50% of the net proceeds from the sale of carbon rights.

Are my payments tax deductible?

Generally, 100% of the Application Fee and any pruning fees (including GST) are tax deductible in the year in which they are paid (refer to Sections 16 and 20 of this PDS). If you are registered for GST then you may be entitled to claim an input tax credit from the ATO for the GST component which would reduce your deductible component accordingly.

What are my payment options?

You can either pay the full Application Fee by way of cheque or credit card payment, or apply for a loan from Gunns Finance Pty Ltd.

Project Management

GPL Directors

John E Gay,
Executive Chairman
- Age 65

Mr Gay is Executive Chairman of GPL. As Executive Chairman, Mr Gay has overall responsibility for the operations of GPL and its management, administration and development.

Mr Gay is also Executive Chairman of Gunns and has 40 years experience in the timber and associated industries. Mr Gay's experience with Gunns has encompassed the processing of sawn timber, pulp wood and veneers, manufacture of value added timber products, management of private forest operations as well as responsibility for merchandising, construction and viticulture businesses.

Mr Gay is a Director of the National Association of Forest Industries (NAFI) and also a Director of the Forest Industries Association of Tasmania (FIAT).

Leslie R Baker,
BSc (Forestry),
Executive Director
- Age 56

Mr Baker is Executive Director of GPL. He has been responsible for overseeing the development of the Project.

Mr Baker is currently General Manager – Tasmanian Pulp Mill Project. In this role Mr Baker is responsible for Gunns' plans to build a world scale Bleached Kraft Pulp mill in Tasmania.

Mr Baker has extensive experience in the forestry industry. He is a qualified forester and has been employed in the sector since 1978 being actively involved in the management and development of both hardwood and softwood forestry businesses. Mr Baker is also a Director of NAFI, a former Director of FIAT and is a member of the Institute of Company Directors.

In addition Mr Baker oversees the operation of the Tamar woodchip facility. This facility is the world's largest woodchip export facility, exporting over 2 million tonnes per annum.

Non-Executive Directors

Rodney J Loone,
Non-Executive Director
- Age 53

Mr Loone is a Fellow of the Institute of Chartered Accountants and is the managing principal of the chartered accounting firm, Garrotts. He has substantial experience in providing accounting, taxation and financial services to many industries, including the agricultural and forestry industries. Mr Loone has experience as a board member of several companies.

Patrick J Sullivan, LLB
Non-Executive Director
- Age 72

Mr Sullivan is a retired solicitor whose practice was largely in the area of commercial law. He has had previous experience as a board member of both private and public companies.





**Robert H Graham,
Non-Executive Director
- Age 66**

Mr Graham has managed Australian companies establishing overseas operations in Europe, US and SE Asia. He has a history of executive and non executive board positions on companies servicing the building and timber industries both locally and overseas.

**Robin Gray,
Non-Executive Director
- Age 70**

Mr Gray entered State politics as a member of the House of Assembly in 1976. He was elected as Leader of the Opposition in 1981 and as Premier of the State for seven years from 1982. Mr Gray retired from parliament in 1995. He is currently practising as an agricultural consultant.

GPL Management

The principal executives of GPL are:

**Leslie R Baker,
BSc (Forestry),
Executive Director
- Age 56 (refer previous)**

**Ian M Blanden,
BSc (Forestry) Cert. Forest Eng.,
Manager
- Age 43**

Mr Blanden has considerable managerial experience operating managed investment schemes in both forestry and viticulture and in addition has managerial experience as a tree farm manager, nursery manager and forester in Tasmania.

Mr Blanden has travelled extensively, inspecting forestry, viticultural and horticultural operations throughout the world. He has previously been responsible for the establishment of a program in excess of 15,000 hectares p.a. and the maintenance of an estate of over 200,000 hectares of plantation, 240 hectares of vineyard and more than 1,200 of walnuts.

Mr Blanden currently serves as a Director of the Tasmanian Agricultural Productivity Group (TAPG).



John E Gay



Leslie R Baker



Ian M Blanden

Market Information

Due to the duration of the Project, it is possible that market demand for Growers' timber at the time of harvest will be different from that currently anticipated. This information should be read in conjunction with the market risks described in Section 11.

Gunns has a long and established relationship with its domestic and international customers. Any adjustment to the demand of products due to the current volatility in the world market is expected to be temporary and, due to the cyclical nature of the market, not expected to have a major impact on the long term investment of the project.

15.1 Paper Consumption Trends

As many of the trees sold under the project will be grown for the purpose of ultimately producing paper, it is necessary for us to take a closer look at the trends of paper consumption. Historically, it has been seen that as the GDP of a country increases, so does the consumption of paper. This is linked to improved literacy levels and increases in population. In recent years, though, this trend appears to have reversed slightly. Figure 15.1 shows the relationship between the consumption of paper in Japan, one of Gunns Ltd's major export destinations, with movements in GDP.

Figure 15.2 shows the consumption of paper on a much broader scale and clearly illustrates that developing nations with lower GDPs are traditionally lower consumers of paper and paperboard. Developed nations have a much higher reliance on technology such as computers and photocopiers, which directly relates to an increased consumption of paper.

Of particular note is China's relatively low position on Figure 15.2. Deutsche Bank has also forecast that China will be the world's third most rapidly developing country between 2006 and 2020, averaging 5.2% growth per year (International Pulpwood Resource and Trade Review – 2005 Edition, DANA publishing 2005, pg. 73). This economic growth suggests that there will therefore be a marked increase in the Chinese consumption of paper and paper board per capita.

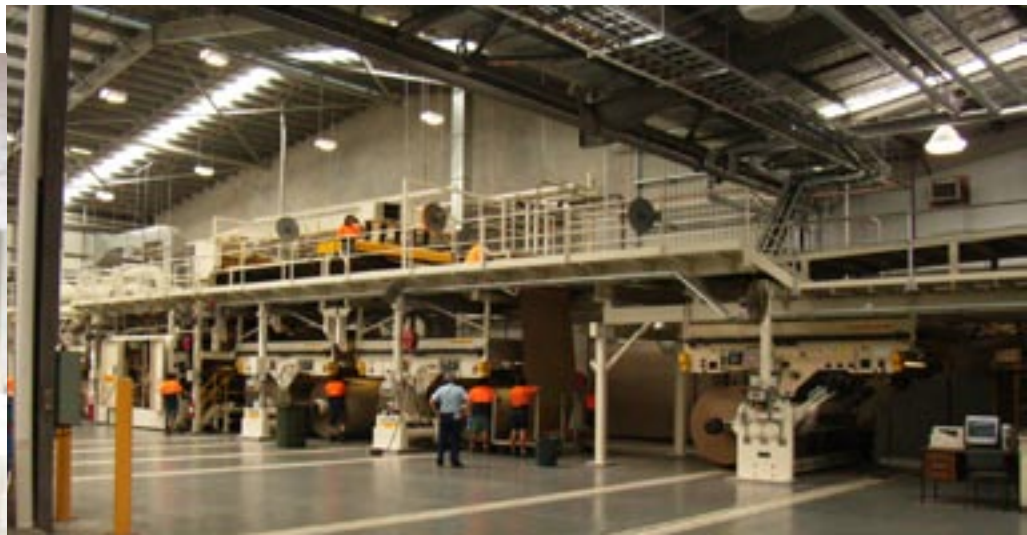


Figure 15.1 Japanese Apparent Consumption of Paper and Paperboard vs Growth in Real GDP 1990 - 2007

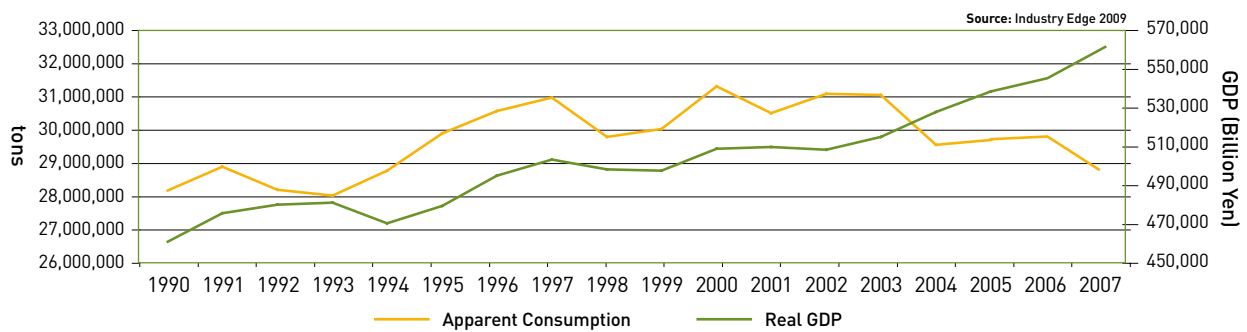
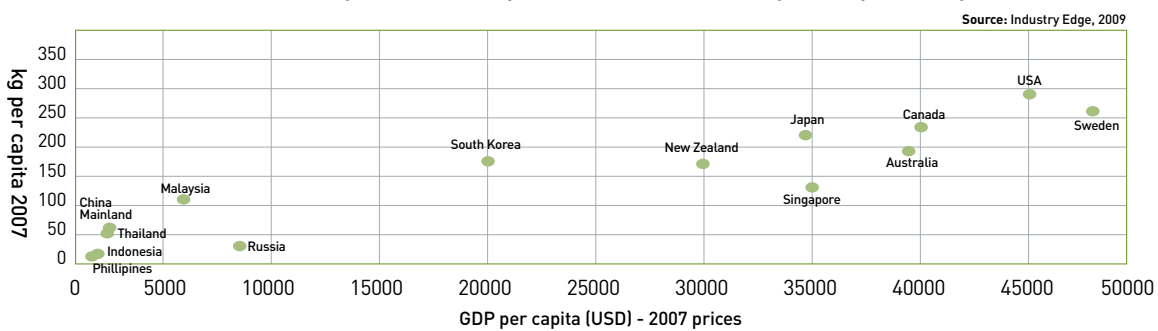


Figure 15.2 GDP and Paper and Paperboard Consumption per Capita





15.2 Wood Fibre Exports

Wood fibre exports could take the form of paper, pulp or woodchips. This section deals with the export opportunities for each product in both hardwood and softwood.

The volume of Australia's woodchip exports increased in 2008 by 3.6 per cent to 6.2 million bone-dry tonnes in 2007-08. The annual increase occurred as a result of a quarterly record of 1.7 million tonnes of exports in the 2008 June quarter. In addition to this, prices also increased sharply, leading to a 12.8 per cent increase in the total value of woodchip exports to \$1.1 billion for 2007-08, exceeding the \$1 billion mark for the first time (ABARE 'Australian Forests and Wood Product Statistics', March and June Qtrs 2008).

Increasing demand for hardwood pulp in Asia

When paper consumption in a particular country increases there is an increased demand for wood fibre. Figure 15.3 shows the forecast shortfall of Market Bleached Hardwood Kraft Pulp to the Asian region to 2010. This shows a forecast that there will be a deficit of almost 4 million tonnes of Bleached Hardwood Kraft pulp by 2010. The deficit outlook is a result of continued rapid economic growth in developing nations, growth in population, literacy levels and per capita income, more domestic paper processing facilities (especially in China) and reduced domestic production levels.

Gunns' Strategic Positioning

Gunns' geographic proximity to the Asian region gives it a major freight advantage over other wood producing countries. In addition, Gunns was the first Australian exporter of hardwood woodchips to the Indonesian and Chinese markets and its long standing relationships with its Japanese customers gives Gunns an ideal position to increase volume into those markets.

Japanese Influence

Japan has long been the dominant player in the export market for hardwood woodchips. Gunns has established long standing relationships with the Japanese markets that date back to the early 1970's and currently has commitments to sell woodchips to almost all of the major pulp and paper manufacturers in Japan including Nippon Paper, Oji Paper, Daio Paper, Mitsubishi Paper, and Chuetsu Pulp & Paper. Gunns also sells woodchips to other markets including Korea and China. Figure 15.4 indicates the global supply of hardwood woodchips into Japan in 2008.

Australia exported around 4.4 million Bone Dry Tonnes (BDT) of hardwood chips to Japan of the total 12 million BDT imported in 2008. Therefore Australia represents a 37% share of the total Japanese market. Gunns played a significant role in achieving this volume by representing 49% of the Australian supply of woodchips to

Japan. As the leading supplier to the Japanese market, Gunns negotiates the price for Australian woodchips. This price is the benchmark for all other Australian woodchip suppliers to Japan.

Australia is also the largest supplier of softwood fibre to Japan, having supplied 1.1 million BDT (45%) of Japan's softwood chip imports in 2008 as shown in Figure 15.5. Gunns supplies around 45% of the Australian supply and 20% of the total world supply to the Japanese market for imported softwood wood chips (Gunns, 2008).

The Far East (outside of Japan) will generate the largest amount of growth in pulp of any region in the world until 2009, adding 1.4 million tonnes per year (RISI World Pulp & Recovered Paper Forecast, RISI, pg 85). Both this and the anticipated expansive increase in wood consumption in China will necessarily result in increased levels of imports of wood fibre and pulp to the region, presenting further opportunities to leading regional exporters such as Gunns.

Figure 15.6 highlights the projected growth for demand in the Asia Pacific region for world traded bleached hardwood kraft pulp (BHKP) and also indicates that the region will be the dominant global market. Of the approximate 6 million tons (5.44 million tonnes) growth in the Asia Pacific region – as shown in Figure 15.7, approximately half of that growth will come from China alone.

Figure 15.3 Asia-Pacific Demand/Supply of Market BHKP 1995 – 2010

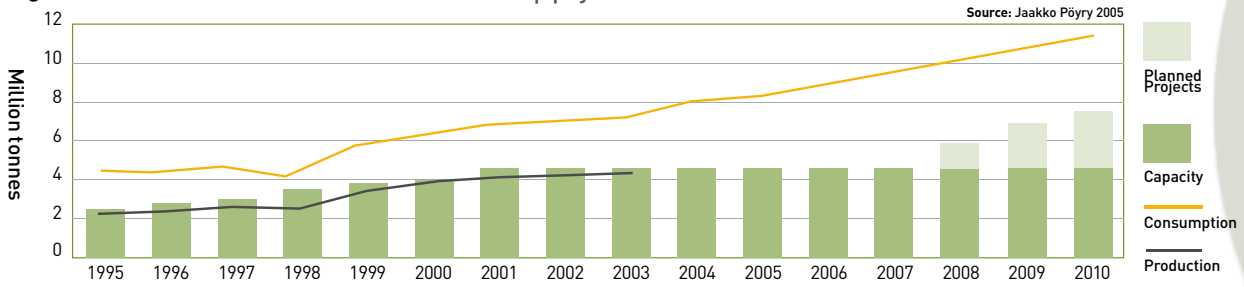


Figure 15.4 2008 Japanese Imports of Hardwood Chips

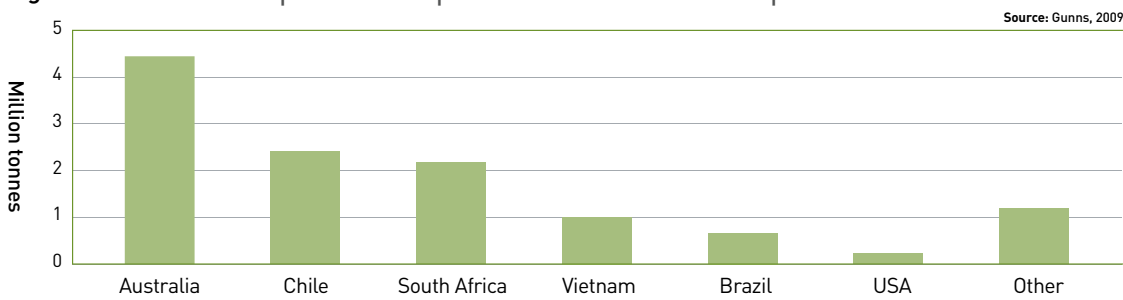


Figure 15.5 2008 Japanese Imports of Softwood Chips

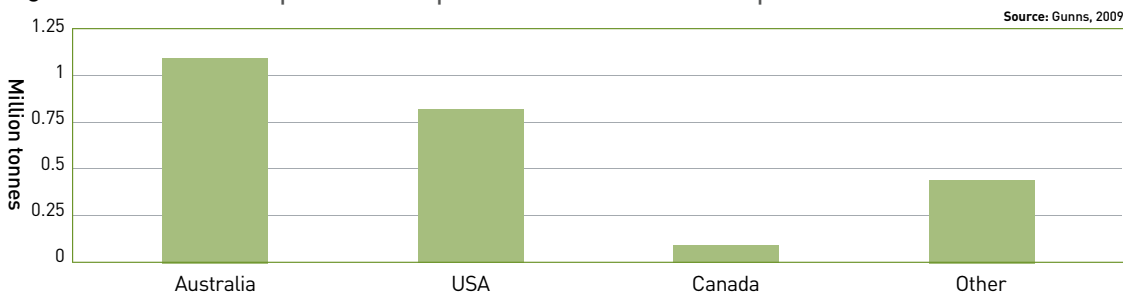


Figure 15.6 Demand for Market BHKP by Region 1970–2015

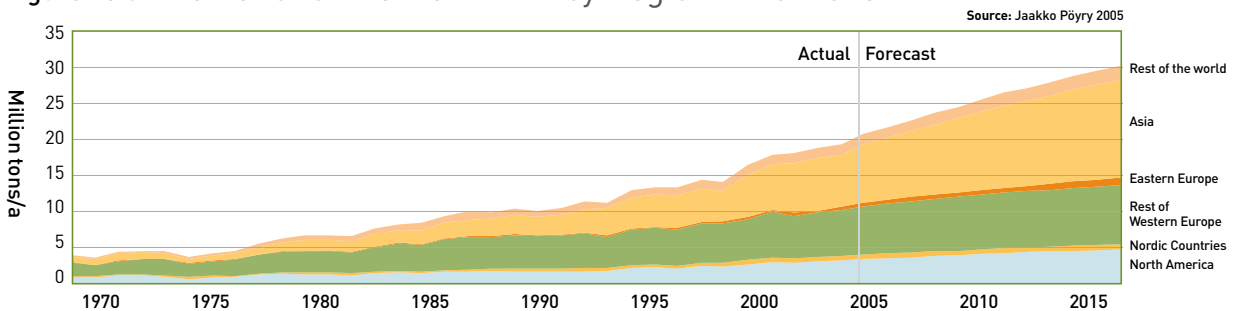
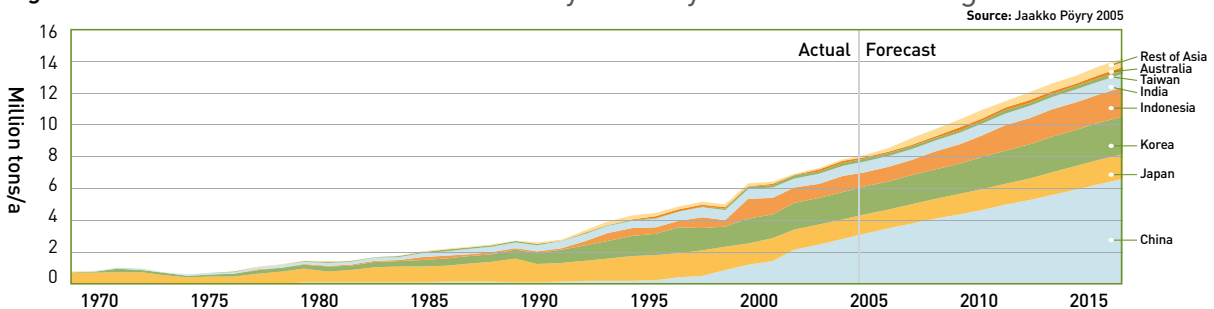


Figure 15.7 Demand for Market BHKP by Country in Asia-Pacific Region 1970–2015





Other Asian markets

Capacity in the Non-Japan Asia region has developed rapidly in the last ten years, and is expected to continue to grow, increasing the demand for pulp, wood fibre and recovered paper, as shown in Figure 15.8.

The Korean pulp and paper industry has experienced phenomenal growth over the past 30 years, increasing from a capacity of 0.8 million tonnes per year in 1975 to over 11 million tonnes in 2004 despite an almost total absence of domestic wood fibre (DANA publishing 2005, pg 68). Therefore, this also presents opportunities to Australian exporters such as Gunns. Korean pulp imports have grown from 1.2 million tonnes in 1990 to an estimated 2.5-2.6 million tonnes in 2004. Korea also imported an estimated 637,000 BDT of woodchips in 2004 of which Australia, including Gunns, was a major supplier, providing 28%.

Indonesia has also recently emerged with modern pulp and paper facilities, but this has resulted in an inability to establish sustainable plantation wood supplies to satisfy the high level of demand. Therefore there is a shortfall of wood fibre in Indonesia, which has opened the market for Australia and other exporters of wood fibre in the Asia-Pacific region.

As seen opposite however, the key player in the non-Japan Asia market is undoubtedly China.

Emerging Chinese Influence

Gunns has taken a lead in developing supply relationships with Chinese pulp and paper manufacturers. It was the first supplier of imported hardwood woodchips to Rizhao Pulp and Paper Company whilst developing relationships with other new buyers. This is an important strategic alliance for Gunns, as China is emerging as one of the fastest growing markets for high quality fibre to be used to produce high quality paper. Figure 15.9 shows the apparent consumption of paper and paperboard in China to 2007 (Industry Edge, 2009).

Figure 15.9 shows that there has been a rapid increase in apparent paper and paperboard consumption. Of note is that net growth in the period 2001-2005 exceeded the net growth in the previous decade 1990-2000. Due to the increasing demand for higher quality paper products in China, there is a continuing shift towards the consumption of wood fibre for pulp and paper production and away from traditional non wood fibre materials such as straw, bamboo and bagasse.

China is the second largest producer of paper and paperboard in the world and currently has the world's fast growing paper industry (China accounted for a third of total expansion from 1995 to 2005). This growth is expected to continue and by 2015, China is forecast to become the largest producer of paper in the world (International Pulpwood Resource and Trade Review 2007, RISI, pg51).

With pulp and paper mills striving to meet domestic demand for higher quality paper from wood fibre, the demand in China for wood is increasing significantly. In 2005 China imported 7.5 million tonnes of wood pulp and became the world's largest market. Imports expanded to an estimated 7.9 million tonnes in 2006 and are forecast to nearly 11 million tonnes in 2010, and to more than 21 million tonnes in 2020 (International Pulpwood Resource and Trade Review 2007, RISI, pg53). Figure 15.10 highlights the rapid growth in Chinese pulp imports forecast from 2008 to 2013.

Between existing and future export opportunities and Gunns' prospective Bleached Kraft Pulp mill development, pulpwood produced under this Project provides an exciting investment opportunity. Figure 15.11 highlights the projected growth in the supply deficit of Market Bleached Hardwood Kraft pulp in China between 2003 and 2010.

Figure 15.8 Paper and Board Production in Non-Japan Asia

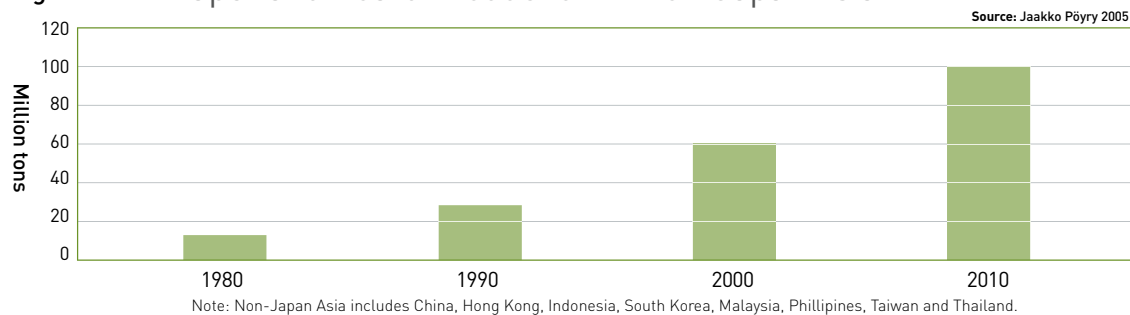


Figure 15.9 Apparent Consumption of Paper & Cardboard in China 1990–2007

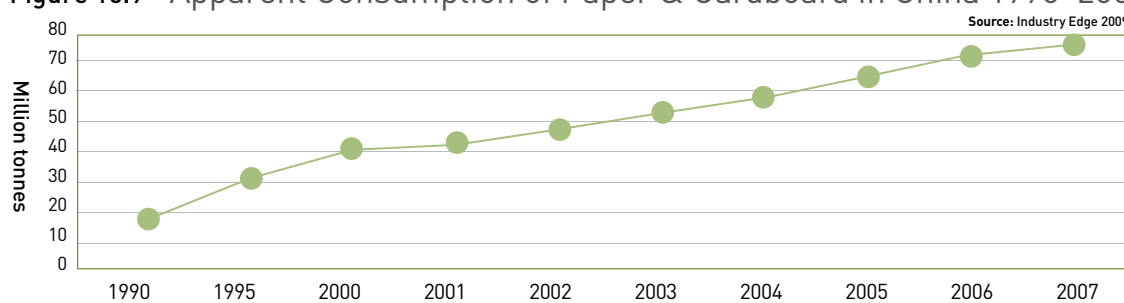


Figure 15.10 Chinese Pulp Imports Forecast, 2008–2013

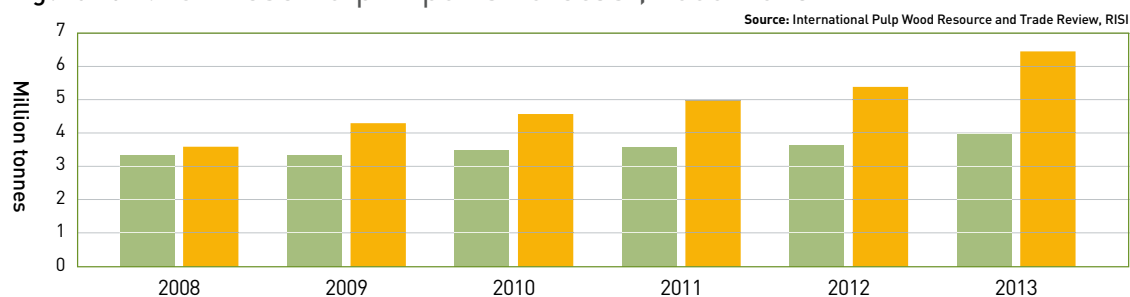
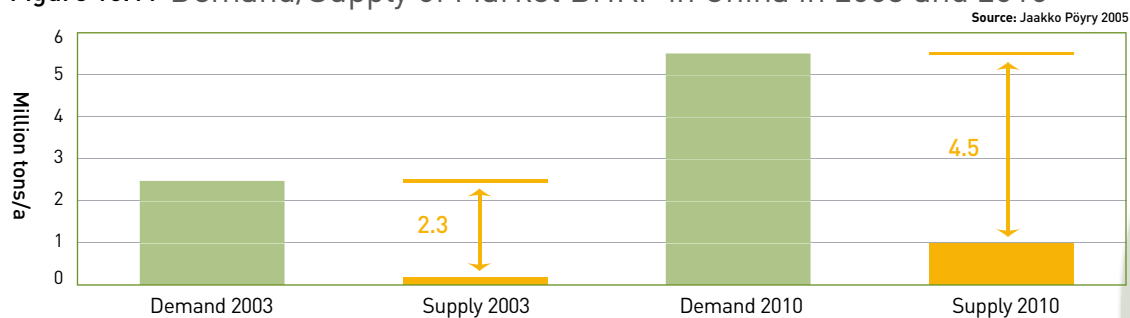


Figure 15.11 Demand/Supply of Market BHKP in China in 2003 and 2010



15.3 Domestic Wood Fibre Consumption

Tasmania

Gunns Limited plans to build a world scale, state-of-the-art, low impact Bleached Kraft Pulp mill. This development will significantly increase the domestic consumption of both hardwood and softwood chips will increase significantly. The initial production capacity of the mill will be 800,000 tonnes of pulp per year, consuming about 3.2 million tonnes of woodchips per year.

Gunns currently exports woodchips, however the development of the pulp mill will result in a significant proportion of Gunns exports consisting of pulp instead of woodchips. The end-use of the pulp is designed to be for the production of high quality printing and writing papers.

Gunns will continue to export woodchips however, and therefore increased plantation growth will both help to maintain woodchip exports as well as facilitate the increase in pulp production.

Up to 20 per cent of the pulp production could meet domestic demand and the remainder will be exported, predominantly to Asian countries.

The fastest growing pulp by international demand is Bleached Hardwood Kraft pulp. Over the decade to 2005, the global demand for bleached softwood pulp has increased by 4 million tonnes and bleached hardwood kraft pulp has increased by 12.4 million tonnes (International Pulpwood Resource and Trade Review 2007, RISI, pg13). Market pulp is defined as wood pulp which is sold in open competition with that of other manufacturers – it excludes pulp processed into paper in an integrated pulp & paper mill.

Southern Highlands of New South Wales

There are also impending developments in the softwood pulp log market in the Southern Highlands region of New South Wales – most notably from the Visy Pulp and Paper mill in Tumut whose \$460 million Stage 2 expansion (expected to be completed by October 2009) will almost double the mill's capacity to 700,000 tonnes of paper production per year. It is expected that the intake of pulpwood will also increase to 1.79 million m³ by 2010 (Rose Forestry Consultants, 2005). The current intake of pulpwood in the Southern Highlands region of NSW is 1.65 million m³ and this is set to rise to 2.65 million m³ from 2010. The projected pulp log production in the area is only projected to reach 1.50 million m³ from 2010, meaning that there will be a projected pulp log deficit of 1.15 million m³ (Rose Forestry Consultants, 2005). This shortfall is anticipated to be filled in the long term by new plantings such as those in Option 3.

Another major consumer of pulpwood in southern New South Wales is the Norske Skog (Australasia) Pty Ltd newsprint pulp and paper mill situated at Albury. After the acquisition of the Pan Asia Paper Company in November 2005, the Norske Skog group became the world's largest manufacturer of newsprint paper, producing approximately 13% of the global newsprint market. Norske Skog (Australasia) is responsible for the supply of over 650,000 tonnes of paper to publishers and commercial printers throughout Australia. Norske Skog (Australasia) produces paper in Australia and New Zealand from the Albury (NSW), Boyer (Tas) and Tasman (NZ) mills. The Albury mill commenced production in 1981

and production capacity is around 265,000 tonnes. This represents about 30% of the newsprint and related grades used in Australia each year. The Albury mill currently utilises 295,000 tonnes of pulp logs and this is set to increase to 375,000 tonnes due to an expansion of the facility (Rose Forestry Consultants).

15.4 Packaging Industry

The packaging industry is a significant player in the global economy – both practically and financially. Packaging takes various forms from paper and paperboard products, to plastics, metal and glass. As shown in Figure 15.13, paper/board is the largest single packaging material in Australia (Packaging Council of Australia – <http://www.packcoun.com.au/>).

World containerboard (packaging grade cardboard) demand grew by 5.6% in 2004. This growth is largely attributable to growth in the global economy – as more trade means more packaging. A clear indicator of this is that in line with its economic growth, Chinese containerboard demand has grown at 16% per year for the past 3 years (RISI – pg. 27).

World containerboard demand is forecast to increase at 3.9% p.a. through until 2009. Demand in Asia alone (including Japan) is forecast to climb at 5% annually, with consumption having risen from 30.3 million tonnes in 2000 to 39.4 million tonnes in 2004 and it is forecast to surpass 50 million tonnes by 2009, accounting for almost 38% of world wide demand (RISI – pg.43-44). Figure 15.14 (page 36) shows apparent consumption of containerboard in Asia, outside Japan.



Figure 15.12 Market Pulp Share of World Paper Grade Wood Pulp Demand

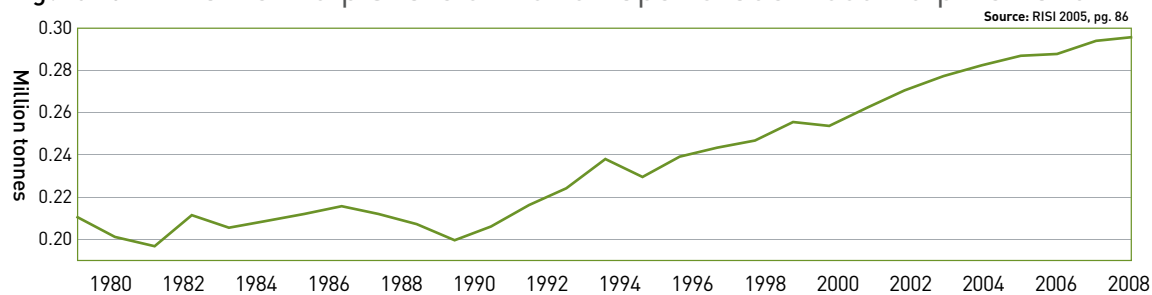


Figure 15.13 Australian Packaging Materials

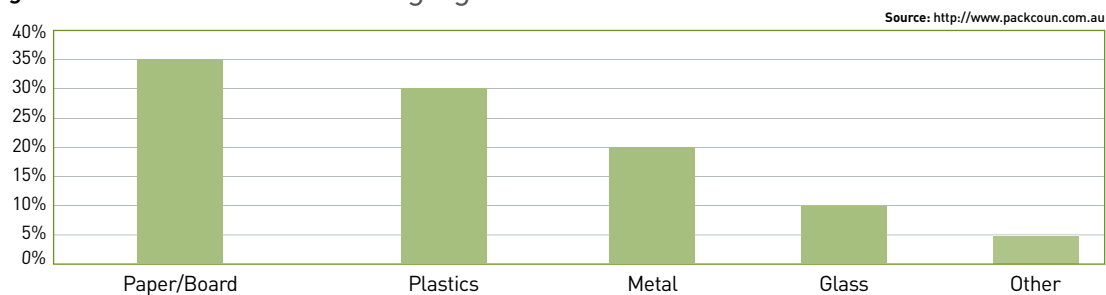
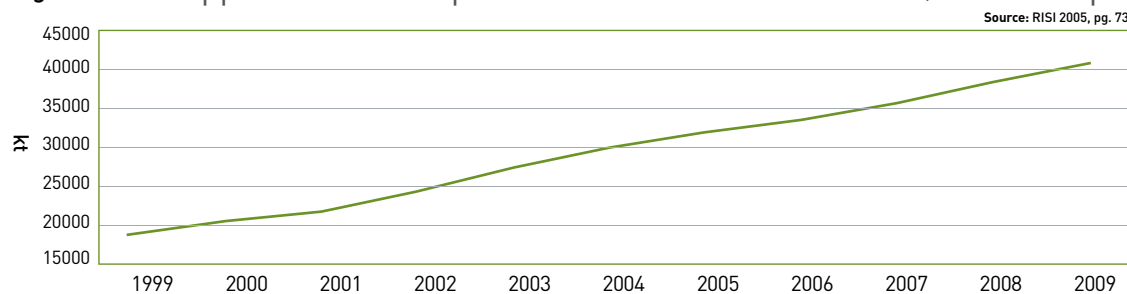


Figure 15.14 Apparent Consumption of Containerboard in Asia (Outside Japan)



This growth will be maintained on the back of improved distribution networks and increased exporting of manufactured goods, with China alone constituting 60% of this growth (RISI – pg.44). In the local Tumut region, Visy offers an expansive range of packaging services, including packaging paper and board – from brown cardboard boxes to a complex carton displaying colour graphics, from lightweight to heavy duty containers. Visy are already a major packaging products supplier across Australia, New Zealand and in the South East and Mid West of the United States.

15.5 Softwood Sawn Timber

Australia is a net importer of softwood lumber and, in the first half of 2008, there was a significant increase in coniferous sawnwood imports by 37 per cent to 661,000 m³. New Zealand, the largest supplier to Australia of coniferous sawnwood, accounting for most of the increase in the first half of 2007-08 (ABARE 'Australian Forests and Wood Product Statistics', March and June Qtrs 2008). To meet this demand, Australia imports approximately \$1 million of sawn softwood daily (Industry Edge, 2007).

This opens the door for wood grown under Option 3 of the Project to be sold in the "import substitution" market. The apparent domestic consumption of softwood sawnwood over the ten years from 1996-2006 has increased by 3.8% p.a. to 3.89 million m³. Demand has been fastest growing in Western Australia (8.8% p.a.), NSW (4.1% p.a.) and Queensland (4% p.a.) (Industry Edge 2007, pg. 115-116).

As costs associated with importing such softwood products could be

avoided, additional softwood products produced domestically would have an advantage in competing with imported products. An opportunity therefore also exists for domestic softwood production to increase and meet local demand.

Domestic production of softwood sawnwood has increased by approximately 5.8% p.a. from 1996-2006, with production in NSW increasing by 9.2% p.a. to become the largest producer in 2006 (Industry Edge 2007, pg. 113). However, as pointed out previously, there may be difficulty in sustaining the current rate of expansion of roundwood harvested for use as softwood saw logs. Therefore, in line with increasing demand for softwood sawnwood, it is likely there will be a future market demand for a softwood resource such as the plantations made available under this Project.

Southern Highlands of New South Wales

With significant developments in the Southern Highlands region of New South Wales having been completed, the projected intake of softwood saw logs is set to increase by 55% from 2005 to 2010. This is anticipated to be filled in the long term by new plantings such as those of the Project.

Tasmania

Tasmania's softwood sawmilling industry is centred at Bell Bay in Tasmania. In October 2005, Frenchpine sold its assets to Auspine making Auspine a processor of approximately 400,000 tonnes of saw log per annum. In 2008 Gunns acquired Auspine.

Future growth appears limited however due to lack of resources.

Predominantly, the existing mature plantation resource is owned in a 50/50 joint venture between a U.S. pension fund manager and a State government business enterprise. The current resource is disparate, isolated and often located on steep tracts of land. It is also aged unevenly, making supply and availability trends uneven also. Accordingly, a professionally managed plantation resource in the region, such as that contemplated under part of Option 3 of this Project will be a welcome addition to the local industry. This is particularly true with regard to the fact that the wood will be grown on specially selected sites in close proximity to the local infrastructure, thus being of a higher quality and having lower ancillary costs such as excessive harvesting and transport costs.

Exports of softwood sawnwood have increased 26% p.a. in the ten years from 1996 to 2006 to 249,200 m³ (Industry Edge 2007 pg. 114). Historically, the major importers of Australian sawnwood are Chinese Taipei, China and Japan. With the Chinese economy forecast to increase significantly, there is an opportunity for the Australian export market to grow with it. Figure 15.15 sets out the major importers of Australian sawnwood from 2001 to 2008 (ABARE Forest and Wood statistics for March and June quarters, 2008).

15.6 Veneer

The Gunns' Veneer Division of Gunns Limited is Australasia's largest producer of sliced decorative veneer with one mill located in Tasmania and one in Western Australia. Pruned plantation species can produce high quality veneer logs due to their uniformity in colour and low levels of defect. Gunns produces in excess of 6 million square metres

of veneer annually (both hardwood and softwood), approximately 60% of which is used domestically (within Australia and New Zealand) and 40% of which is exported.

Decorative veneer is thinner than structural veneer, being produced in sheets approximately 0.5 mm thick or less. The benefits of decorative veneer include its flexibility and appearance. The addition of a decorative veneer to wood based panels such as particleboard, medium density fibreboard or plywood is the most potent way to add value to timber products (Investment Opportunities in the Australian Forest Products Industry, prepared for Dept Agriculture, Fisheries and Forestry, 2001, Jaakko Pöyry page xvi). It is most specifically used as a premium decorative finish for quality furniture and other joinery applications such as kitchen or bathroom surfacing. As can be seen in figure 15.16, imports of plywood have been growing steadily since the mid 1990's, meaning that there is an import replacement opportunity for domestic suppliers.

Structural veneer is produced with a greater thickness than that of decorative veneer, generally being between 1.5 and 2.5 mm thick. Structural veneer is used widely throughout the construction industry in the form of plywood and the recently developed laminated veneer lumber (LVL). These materials are produced by bonding sheets of veneer together and their benefits include their increased strength compared to their weight and thickness.

Current sources of high quality veneers from hardwood and softwood forests are limited and various markets for LVL are also expected to develop throughout Asia, creating opportunities for further expansion of

the LVL industry in Australia, which would serve the increasing Australian domestic market as well as export markets (Jaakko Pöyry 2001, page xix).

Japan is the key market in the Asia Pacific region, accounting for 80% of regional consumption of LVL (Jaakko Pöyry 2001, pg 62). In the four years leading up to 2001 in Japan, the domestic supply of LVL decreased whilst imports increased (Jaakko Pöyry 2001, pg 64). This trend suggests that there is a growing opportunity for the export of LVL into Japan.

Australian exports of veneer have dramatically increased from 2.9 km³ (2005-06) to 34.8 km³ (2007-08) due to the surge in demand from Malaysia making up 90 percent of the overall market (ABARE 'Australian forest and wood statistics', March and June quarters, 2008, pg 51). However, Australia imported 31.5 km³ of veneer in 2007-08. This suggests that there is also an opportunity to compete with the increasing levels of imported veneer to meet domestic demand.

15.7 Forest Certification & Engagement with Stakeholders and the Community

Buyers of forest products are becoming more interested in where the product came from and its credentials in terms of sustainability. The development of the Australian Forestry Standard (AFS) between 1999 and 2002 provided for third party accreditation of sustainable forestry management practices. The AFS assessment criteria are internationally agreed and certification identifies wood products

as coming from forests which are managed sustainably and under strict environmental, economic and social standards.

AFS certification is a rigorous independent, third party accreditation carried out by independent auditors. Gunns Limited was the first Australian company to be audited and accredited under the AFS Certification Regime. Certification is a sign of quality and sustainable forest management practices, which buyers prefer when selecting the appropriate supplier of forest products.

In October 2004, AFS received mutual recognition from the Programme for the Endorsement of Forest Certification (PEFC). PEFC was launched in 1999 and is now the world's largest forest certification umbrella covering national schemes delivering hundreds of millions of tonnes of wood to the processing industry and then onto the market place, from over 200 million hectares of certified forests, (PEFC website: accessed January 2009). Australia joined as a member of the PEFC council in November 2002 and received mutual recognition of the AFS in November 2004. This means that the AFS is now recognised internationally.

All trees grown under this Project (regardless of their location) will be managed by Gunns and be AFS/PEFC certified and comply with their Chain of Custody requirements. The Chain of Custody standard allows labelling of wood products to occur such that we independently communicate to our customers and their customers that the product being supplied has been derived from sustainable origins.

Certification to the AFS requires meaningful public participation into strategic forest management. Gunns



embarked on a comprehensive stakeholder consultation process in 2003 to ensure a broad cross section of community involvement in its forest management planning. In addition Gunns is a signatory to the Tasmanian Good Neighbour Charter, which explains to the community how Gunns will address any concerns of landowners neighbouring Gunns' plantations.

It is through GPL and Gunns' strict adherence to the principles of the AFS and PEFC schemes, their commitment to the Tasmanian Good Neighbour Charter, the high standards of best practice forest management required by the governments of Tasmania and New South Wales and the expertise and facilities available to the Project from Gunns Limited that GPL, Growers and prospective purchasers alike can be confident that all trees grown under the Project will be grown to the highest possible quality.

15.8 Conclusion

Global increase in wood consumption
Jaakko Pöyry Consulting has predicted that total world forest products consumption will grow by 2.8% p.a. from 2003 to 2010. Figure 15.17 shows the projected increase of global wood consumption by region from 2003 and highlights that the largest growth will be in China and substantial growth also in other Asia. Non-Japan Asia growth is expected to be 5.7% p.a. This further demonstrates that there is a forecast market for Growers' trees, especially given the continued trend of increased consumption. Gunns' certification to the AFS also demonstrates its commitment to satisfying the demands of future buyers.

Figure 15.15 Major Importers of Australian Sawnwood

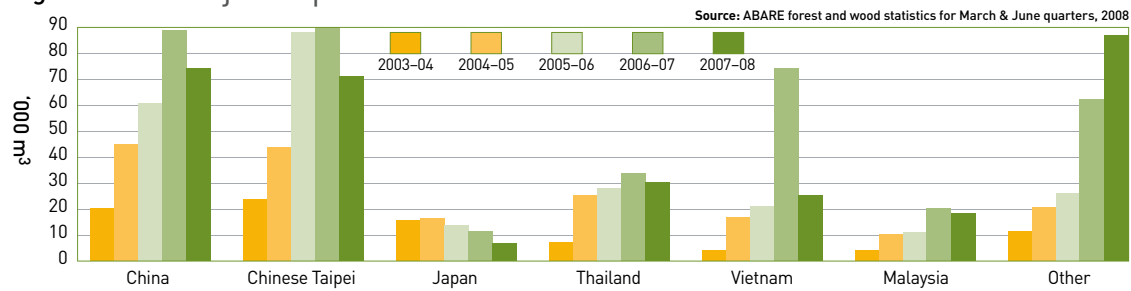


Figure 15.16 Imports of Plywood to Australia 1995–2007

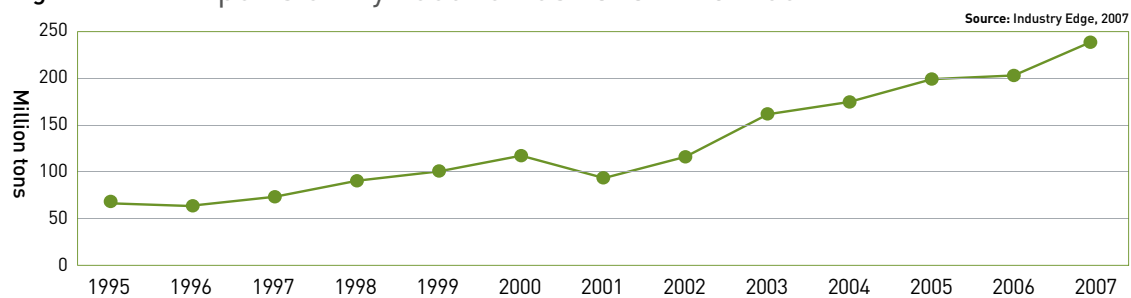
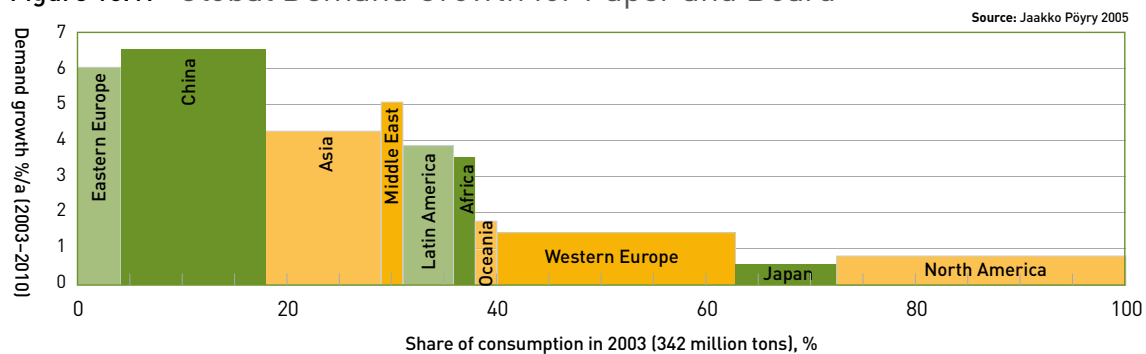
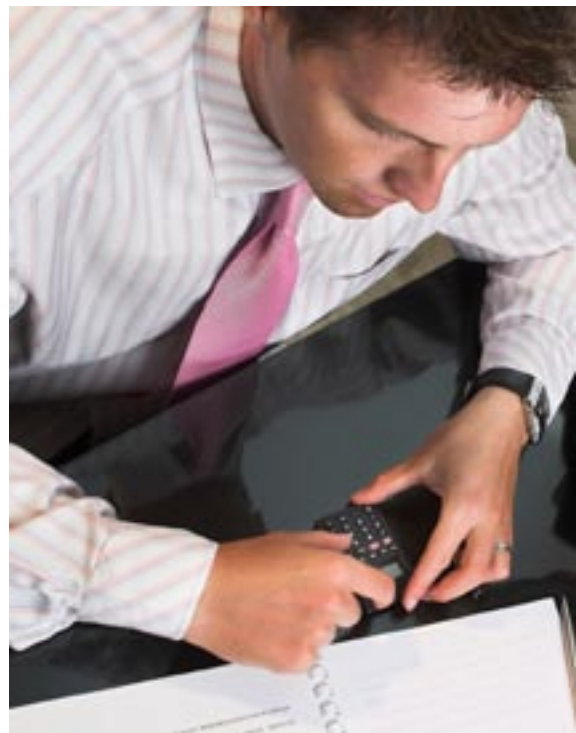


Figure 15.17 Global Demand Growth for Paper and Board



Taxation Features

A Product Ruling has been received in relation to the project. The Taxation Adviser's Report sets out the general effect of the Product Rulings for investors in the Project in Section 20 of this PDS. Before investing, you should seek independent advice.



For investors that have the purpose of staying in the Project for its duration and deriving assessable income from the Project, on the basis of the Product Ruling it is anticipated that:

- the Application Fee (including the GST component if applicable) should be 100% deductible in the year in which it is paid; and
- pruning fees (including the GST component if applicable) for Option 2 and the Blended Option should be 100% deductible in the tax year in which they are paid on the basis that the relevant services are wholly provided in that year.

The non commercial loss rules will not apply to deny any of the tax deductions that are otherwise available.

GPL does not guarantee the amount or timing of any tax deduction and in the event that the Project is not operated in accordance with the product ruling(s), there remains the risk that the ATO may disallow any such claim.

You may choose to register for GST purposes if you are carrying

on an enterprise. However, you must register if you are operating a business and your annual turnover is greater than \$75,000 per annum.

If you register for GST, you will be entitled to claim an input tax credit for GST paid on any creditable acquisition that you make. However, an input tax credit is only available if you were charged GST on the acquisition. Accordingly, you will be entitled to claim an input credit for any GST paid on the Application Fee and on any pruning fees. These input tax credits reduce your overall GST liability and will be refunded by the ATO if the input tax credits exceed your own GST liability.

Where you are registered for GST, the deductions you claim for income tax purposes will need to exclude any amounts of input tax credit. That is, you will need to calculate your tax deduction by reference to the GST exclusive amount of the particular fee. If you are registered for GST purposes, you are required to charge GST on the sale of wood and remit that GST to the ATO. In addition, there may be cash flow considerations and administrative obligations associated

with lodging the quarterly/monthly GST returns. This needs to be taken into consideration in deciding whether or not to register for GST if your annual turnover is less than \$75,000 per annum.

If you choose to defer registering for GST until your annual turnover exceeds \$75,000, you will not be entitled to input tax credits in the meantime. If the net sales proceeds from the sale of the harvested wood exceed \$75,000, you may be required to register for GST when you harvest the wood on your Woodlot. Whether you choose to register now or at the time of harvest will depend on your own individual circumstances and you should obtain your own independent taxation advice. If the rate of GST changes from its current level of 10%, then any unpaid Application Fee and any other ongoing fees will be adjusted to reflect the changed rate.



Responsible Entity & Custodian

Responsible Entity

GPL has agreed to act as the Responsible Entity of the Project and has been appointed as Responsible Entity pursuant to the Constitution. GPL is a public company and holds an Australian Financial Services Licence authorising it to operate the GPL Woodlot Project 2009 which has been registered by ASIC as a managed investment scheme.

As the Responsible Entity, GPL will operate the Project and perform the functions conferred on it by the Constitution and the Corporations Act.

The duties of GPL as Responsible Entity under the Corporations Act include, among other things:

- acting in the best interests of the Members and, if there is a conflict between the Members' interest and its own interest, giving priority to the Members' interest (as the case may be);
- treating Members who hold interests of the same class equally and Members who hold interests of different classes fairly;

- complying with the Project's Compliance Plan;
- ensuring that the Project's property is clearly identified, held separately from other property of GPL and property of any other managed investment schemes and is valued at regular intervals;
- ensuring that all payments out of the Project's property are made in accordance with the Constitution and the Corporations Act; and
- reporting to ASIC, breaches of the Corporations Act in relation to the Project which have had, or are likely to have, a materially adverse effect on the interests of the Members.

GPL as the Responsible Entity has the power to appoint an agent or engage a person to do anything that GPL is authorised to do in relation to the Project. GPL as Responsible Entity will remain responsible for anything the agent or person has done. If GPL wants to retire as Responsible Entity, it must call a meeting of the Members to choose a company to be the new Responsible Entity (refer to Section 21.1).

Custodian

GPL has appointed Gunns as Custodian. Gunns as Custodian will hold the:

- Application Money until it is disbursed in payment of the Woodlot Establishment Fees;
- proceeds from the sale of harvested wood until they are disbursed to Growers; and
- proceeds from the sale of carbon credits (if any) before they are disbursed to Growers.

The Custodian has no supervisory role in relation to the operation of the Project and is not responsible for protecting the Growers' interests.



Dispute Resolution

If you have a complaint or dispute about your investment, you will be requested to lodge your complaint with the Complaints Manager in writing:

Complaints Manager
 Gunns Plantations Ltd
 Woodlot Project 2009
 PO Box 588
 Launceston, Tasmania 7250

You will be requested to provide:

- a written notice specifying the nature of your complaint, the desired outcome and what action you think will settle the complaint; and
- all relevant material to support your complaint which is in your possession or control.

Within 5 business days of receiving the complaint, GPL will notify you that it has received your complaint and is considering it.

Within 30 days of receipt of your written complaint, GPL will notify you in writing of its decision regarding your complaint.

If you are dissatisfied with GPL's decision regarding your complaint, you may refer the complaint for determination by our external complaints resolution scheme:

Financial Ombudsman Service
 GPO Box 3
 MELBOURNE VIC 3001

Telephone: (03) 9613 7366
 Freecall: 1300 78 08 08
 Facsimile: (03) 9613 6399
 Email: info@fos.org.au

Independent Forester's and Independent Market Report

23 February 2009

The Directors
Gunns Plantations Limited
58 Cimitiere Street
LAUNCESTON TAS 7250

Independent Forester's Report

Dear Sirs,

This report has been prepared for inclusion in a Product Disclosure Statement (PDS) to be issued by Gunns Plantations Limited (GPL), in relation to the offer of interests in a managed investment scheme for the growing of eucalypts in Tasmania as well as Radiata pine in Tasmania, Southern slopes region of NSW from January 2009. The intention of the report is to provide potential investors under the GPL Product Disclosure Statement with an independent assessment of this investment opportunity.

VDFC has only been involved in the preparation of this Independent Forester's and Independent Market Report (Report) and no other part of the PDS.

Experience, qualifications and skills

Van Diemen Forestry Consultants Pty Ltd (VDFC) has prepared this Report. VDFC has more than 40 years experience in plantations and forest industry management around the world with some 28 years in the Australian industry.

VDFC has a comprehensive knowledge of the eucalypt plantation industry in Tasmania and South Eastern Australia and of the organisations involved in this project. VDFC is also familiar with the requirements of both the Tasmanian Forest Practices Code (Codes) and the NSW Plantations and Reafforestation (Code) Regulation 2000.

VDFC consultants have worked in national and international senior managerial positions in integrated forest product companies, which processed all classes of log products, pulp, paper and panel products as well as managed plantations and harvesting operations. During 18 years as a forest industry consultant, VDFC carried out two reviews of the Tasmanian veneer log resource, and has carried out plantation valuations and mill valuations for both hardwood and softwood mills in various Australian states and around the Pacific. These assignments continue and require regular reviews of log market prices and trends in industry markets. .

1 The Project

1.1 Overview

There are three investment options offered to investors. There are two for woodlots in eucalyptus plantations to grow hardwood pulpwood and/or hardwood veneer logs and a third to grow sawlogs and pulp logs in Radiata pine plantations. Investors are invited to enter into a lease of a forestry right over a minimum of one woodlot and a management agreement with GPL as the Manager for the establishment and maintenance of the woodlot. The woodlots will each comprise 1 hectare (ha) of land and will be located within or in close proximity to, plantations of at least 20 hectares or more in size. All establishment and planting services to be provided in relation to woodlots are to be performed by the Manager within 18 months from the end of the financial year in which the application fee is paid to the Manager.

Therefore, the Manager must perform all services by 31 December 2009, for all applications received prior to 30 June 2008 or before 31 December 2010 for applications received after 30 June 2008. The land nominated for the project is located throughout Tasmania and in the southern slopes region of NSW (Tumut and Tumbarumba) on the Australian mainland.

1.2 Species to be planted

There are two eucalyptus plantation species proposed for planting. These are Blue Gum (*Eucalyptus globulus*) and Shining Gum (*Eucalyptus nitens*). Both species are well proven and highly successful plantation species that have been subject to long standing tree breeding and provenance testing programs. Both species have shown excellent growth response in particular plantation conditions.

Blue Gum is a high performance pulping species capable of achieving rapid growth rates on high quality sites, which are not subject to droughting or incidence of heavy frost. Shining Gum is a preferred plantation species due to its rapid growth over the first twelve to fifteen years and its resistance to frost and drought. Shining Gum timber has good pulping properties, as well as slicing and sawing performance characteristics.

Radiata pine (*Pinus radiata*) is the softwood species designated for the Tasmanian and mainland pine plantations. Radiata pine has a wider tolerance of site conditions than both eucalypt species and has been a high volume plantation production species well proven in Tasmania and on the NSW Southern Slopes. It has many domestic uses and proven export potential as sawlogs and chips for paper, solid wood products and chips for particleboard and medium density fibreboard (MDF). MDF is a replacement for plywood and particleboard. It requires a process of refining chips to a pulp into which resin is then mixed and the board is pressed out into laminae that range from 3 mm to 50 mm in thickness and large panel sizes.

2. Capacity of the Plantation Manager

The GPL management team has a demonstrated skill and expertise in Eucalypt and Pine plantation establishment and management, which can be readily observed, in the level of development and growth in plantations previously under their management throughout Tasmania. The plantation services required will be provided for GPL by the Gunns Limited Plantation Division staff in Tasmania and also at Tumbarumba.

Gunns Limited's Plantation Division maintains highly professional regimes of site selection, tree establishment, annual plantation maintenance, inventory, protection and community relations on its own lands and should ensure quality establishment and management of the plantations developed for investors.

Gunns Limited's Plantation Division staff members are involved in the establishment and management of more than 141,000 hectares of Eucalyptus and Radiata plantations in Tasmania. Key company staff members within Tasmania are warranted Forest Practices Officers under the Tasmanian Forest Practices Act and all plantations established are carried out in accordance with the Tasmanian Forest Practices Code. Within New South Wales all plantations established are managed by an experienced staff member, with support from both contractors as well as staff from Tasmania when required and carried out in accordance with the Plantations and Reafforestation Act 1999 and the Plantations and Reafforestation Code Regulation 2001. The Gunns Limited operations are independently audited and certified to meet the requirements of ISO 14001. This means that they are meeting all relevant State and Federal environmental regulations and statutes in their management of plantations. Gunns Limited's forest management practises were certified to the Australian Forestry Standard (AFS) in November 2003, the first Australian forest products company to receive certification to a forest certification standard. The AFS independent certification demonstrates that Gunns Limited is sustainably managing forests under strict social, economic and environmental standards. In turn, the AFS is mutually recognised by the Program for the Endorsement of Forest Certification Schemes (PEFC), the world's largest certification scheme. VDRC is familiar with the plantations which Gunns Plantation Division staff manages and in its opinion these have been established in a professionally competent manner and are being well managed to achieve the full potential of the sites. Gunns Limited has a long standing tree breeding program based on *Eucalyptus nitens* and *Eucalyptus globulus* and is routinely collecting seed from second and third generation orchards. Gunns is a member of the Southern Tree Breeders Association; this enables Gunns to have access to the best genetic material available for *Pinus radiata* within Australia and New Zealand.

Based on Gunns Plantation Division's depth of experience VDFC is confident that the Division has the capacity to perform all of the establishment and planting services in the time frames specified under paragraph 1.1, to these same standards for GPL.

3. Plantation land characteristics

GPL has already identified approximately 15,000 hectares of land to be used for the Project. All land is inspected prior to submitting for approval (in the case of new purchases and/or leases) by the GPL Operations Manager to ensure compliance with the selection criteria. In selecting additional land for acquisition, Gunns has and will continue to apply the following land selection criteria:

- For Eucalypt - mild climate with uniform annual rainfall of 800-1500 mm.
- For Pinus Radiata - mild climate with uniform annual rainfall 650- 1000 mm

The area in which the types of trees proposed to be planted show best growth is in a mild climate with uniform rainfall over the year. This is needed so that for most of the year rainfall exceeds the evaporation rate. Minimum annual rainfall of 800-900 mm (eucalypt) and 650 mm (radiata) is required for suitable growth of the types of trees proposed to be planted, as set out in the PDS. On the sites where annual rainfall is at the lower end of the range the soil needs to be deep and have high water retention capabilities in order to support the high growth rates sought for the Project.

- Altitude of less than 600 metres above sea level (in the case of plantation land situated on westerly aspects) and an altitude of less than 700 metres above sea level (in the case of plantation land on easterly aspects). Altitude above sea level is an important factor to be considered. In most sites species growth rates are strongly correlated with altitude. Hence Eucalyptus globulus will only be planted on lower elevation sites (i.e. less than 300m above sea level).
- Fertile, well drained, gradational soils derived from granitic, basaltic or sedimentary bedrock.

Higher levels of Eucalyptus and radiata pine growth have been achieved on well-drained, gradational soils derived from granitic, basaltic or sedimentary bedrock. These three geological bases are often found in land systems more favourable to tree growth.

- Minimum soil depth of at least 600 mm.
- Land slope of no greater than 45 per cent.

Slope is also an important consideration for access and low harvesting costs. Plantation sites with slopes up to this nominated limit on soils of low to moderate erodibility classes can be developed within the guidelines set out in the Tasmanian Forest Practices Code and the NSW regulations when they are only spot cultivated.

- Net plantable area of no less than 20 hectares and proximity to mills or ports.

As well as land use history, the property size and proximity to mills or ports are two other important criteria.

VDFC has reviewed the land selection criteria and is of the view that land selected within the above criteria will be capable of producing a commercially viable plantation with acceptable average yields of wood volume per hectare, over the proposed rotations.

3.1 Review of Land Acquired thus far

VDFC has inspected the majority of the project land nominated to date with reference to the above land selection criteria. The objective of the inspection was to establish that land selected has the capacity to produce a commercially viable Eucalypt or Radiata Pine plantation with a Mean Annual Increment (MAI) of 24.7 cubic metres (m³) for Option 1 and 27.4 m³ for Option 2 and 22 m³ for Option 3. Comments on the sites acquired and inspected to date based on the GPL criteria above are as follows:

Climate and Rainfall

On the sites inspected the annual minimum rainfall levels ranged from 650 mm to 1500 mm or better and the usual pattern is for a distribution of rainfall every month over the 12 months with higher falls in the winter (April to October).

It is unlikely that the sites will experience long term drought based on the recorded annual patterns and quantum of rainfall at the sites.

Altitude

All sites inspected were at an altitude level within the accepted range.

Soils

The majority of the sites inspected are situated on basalt or granite bedrock giving rise to deep gradational soils, which have good structure, and natural fertility, which has often been enhanced by a history of fertiliser application, especially of phosphorus. These red basalt soil sites have a very successful history as natural tall forest sites and recent plantation sites for *Eucalyptus globulus* and *Eucalyptus nitens*. Other selected sites have soils from Mathinna series shales that also have a good record as productive plantation sites and have many examples of successfully established and productive plantations. Both the red basalt soils and the yellow brown gradational soils derived from the Mathinna series shales have deep profiles and also have a very good soil moisture retention capability. The Tasmanian and mainland regions in which the plantation land is situated have many other successful plantations that are established and growing well. Good quality residual native forest adjacent to some of these sites is also an indicator of high site productivity potential.

Depth to an Impermeable Layer

The inspected sites have soil profiles which provide sufficient depth of soil to a minimum of 600 mm so that the plantation will not only just survive but such that it will grow and thrive through to maturity. The soils are friable and have good organic matter content. They are also inherently fertile or have developed a 'bank' of fertility due to prior pasture or crop management that has entailed regular applications of fertiliser. As a consequence of the soil depth of the plantation sites the soils will not be subject to prolonged waterlogging.

Slope

All land selected for plantation establishment has a slope gradient of less than 45%.

Net Plantable Area and Location

Individual properties have a net plantable area of no less than 20 ha in size or adjoin another development of at least 20 ha to ensure commercial viability. Similarly the properties are generally within 150 kilometres from potential ports and / or likely processing centres and on average are within 80 kilometres of a potential port or likely processing centre. This will facilitate economic returns without the impact of excessive log haulage costs.

The gross area of land selected for plantation development will be reduced by areas which are either unsuitable for plantation due to rock outcrops, swamps, telephone or powerlines easements. Other discounts to the land area arising from the application of the Forest Practices Code in Tasmania or the Plantations and Reafforestation (Code) Regulation 2001 in NSW are due to streamside reserves, landscape management reserves, steepness or other special value reserves such as historical, botanical, wildlife corridors, roads and firebreaks or reserves of area for other reasons.

Based on its inspections to date VDFC concludes that all project land is within the company's selection criteria. If all the proposed establishment procedures are followed then these sites are capable of equalling the growth expectations for both regimes offered under the PDS. There are sufficient hectares of net plantable area on sites available for planting within the time frame for planting as described above in paragraph 1.1. Some of the sites inspected have varying additional amounts of area that will be available in subsequent years after harvest of existing standing timber. GPL have indicated that they will be actively seeking suitable land to meet proposed annual planting targets.

4 Plantation establishment and ongoing maintenance

4.1 Site Preparation (ex pasture sites)

Note: Gunns Limited has ceased broad scale conversion of Native Forest to plantation.

Site Preparation prescriptions will vary with the slope and the degree of cultivation possible but the general prescription will be as follows:

- where necessary, harvesting debris will be pushed into windrows parallel to the contour and the windrows burned.
- ex-pasture sites will be sprayed with a knock down herbicide such as glyphosate (Roundup) 4-6 weeks prior to cultivation.
- where possible, cultivation will be done by ripping and mounding the planting lines parallel to the contour with tracked machinery trailing a Savannah mound plough. This operation is best carried out when the soil is dry to improve fracture. Additional cultivation may be required to reduce any large clods in the mounds. The end result is a well-cultivated mound, free of air pockets so that seedling roots do not dry out.
- the mound plough forms ridges along the contour that improve water retention and aggregation of topsoil to improve tree growth when planted as the roots can develop quickly.
- prior to planting the mounds will be sprayed with a knockdown and residual herbicide spray mix to minimise germination of weeds after planting.
- on the steeper, or wetter sites there may only be pit planting i.e. weed spraying and cultivation of each plant location as the plant is put in the ground or alternatively cultivation with an excavator. VDFC considers the methods proposed to be suitable to promote early growth and maintain control of the site early in the rotation. The objective is to achieve good weed control with a combination of sprays and cultivation. This process ensures fast growth rates and healthy plantations. It can be expected that the methods adopted will vary with the site, weed spectrum present, the previous land use and the species to be planted. All contractors carrying out weed control are to be accredited by the Tasmanian Department of Primary Industry, Water and Environment and the Department of Environment and Conservation in NSW.

4.2 Site Preparation (second & third rotation sites)

GPL proposes to use various spot cultivators mounted on a conventional excavator. One of the proprietary names is a Wilco cultivator and has been widely used in Australian and New Zealand site preparation with good results.

The operator will sweep large debris into two small windrows at either side of 3 mound lines and there is no need for burning. Small debris is then progressively incorporated as organic material over time.

The cultivators will then rip down to 70 cm depth and pull up a mound every two metres. The excavator will do three rows from a position and there is effective ripping to one metre with fracture.

The sites will be sprayed for woody weeds using a mix of glyphosate and Brush-off and later over-sprayed with a knockdown and a residual weedicide several weeks prior to planting. All operations will be monitored and have quality checks in the process. The mode of application will be a range of helicopter, tractor or knapsack spray according to the terrain and other specific site conditions.

This process gives adequate cultivation as well as better protection for the seedling, as there is lower wind speed due to the windrow protection. This technique has been in use on Forestry Tasmania and Victorian plantation sites for four years and is said to be performing better than conventional mounding.

4.3 Seedlings

GPL plan to use seedlings from high quality, Eucalyptus seed grown at the Gunns Limited Somerset nursery as well as limited external nurseries if necessary. This nursery is a state of the art nursery that is organised to produce high quality seedlings and to maximise the efficient use of scarce seed resources by ensuring optimal survival and development. The whole process is mechanised and automated and the seedlings are held in a controlled environment as they germinate and start to develop. They are then moved progressively into shade houses and eventually into the open for hardening. The seedlings' growth is controlled with watering and the level of fertiliser applied with the irrigation. The whole process is aimed at a uniform and healthy seedling crop.

The purchased Radiata seedlings will be grown from high quality genetic material. The use of this quality seed will ensure high growth rates and productivity from the proposed investor plantations. These seedlings will be grown at nurseries in Tasmania and Victoria that have grown radiata seedlings for many years and have consistently produced very

high quality seedlings. There will be a mixture of bare root and containerised stock to provide flexibility in the time of planting. The seedling specification will ensure that hardy, healthy seedlings will be produced from fully containerised stock in cell sizes of approximately 100 cubic centimetres. Fully containerised stock are grown in a tray and the roots are air pruned so that there are no long roots to fold under when planting and cause later instability of the trees.

VDFC is satisfied that these specifications and seedling quality should provide a good basis for a rapid establishment of the tree crop and are current industry best practice procedures.

4.4 Stocking per Hectare and Thinning Regimes

It is proposed to plant Eucalypts at 1,100 stems per hectare. All seedlings will be manually planted using trained and competent contractors. Following planting, a stocking count will be conducted to ensure the required stocking rates have been achieved. Fully containerised stock can be planted from May through to December depending upon local soil moisture conditions. For plantations to be created pursuant to the PDS, GPL will plant the seedlings within the time limits for planting as described above in paragraph 1.1.

The Eucalypt pulpwood option (Option 1) is to be unpruned and thinned by removal of approximately 1/3 of the standing volume at approximately age 9. The residual stocking will be allowed to grow to approximately age 13 and is expected to provide a final crop yield of 260 cubic metres (m³). This is all being regarded as pulpwood but it is highly likely that there will also be some unpruned sawlogs generated from this option as well at clearfall.

The Eucalypt veneer log option (Option 2) is proposed to be pruned at approximately ages 4, 6 and 7 years and thinned at approximately age 9 by removal of approximately half of the standing volume. In practice to date the pruning has been advanced to a younger age due to the higher than anticipated levels of growth in order to achieve the desired diameter over stubs. The final crop is proposed to be clearfelled at approximately age 20 to provide pruned veneer and sawlogs as well as pulpwood for a total volume of 454.8 m³ in the second yield.

The Pinus radiata sawlog option (Option 3) is for a radiata plantation initially stocked at 1,333 stems per hectare of high quality genetic composition seedlings. The stand would be thinned at ages 13 and 18 and then clearfelled at approximately age 25 years. The yields of product forecast at each stage are shown in Table 1 for a gross volume of 547 m³.

VDFC considers the proposed stocking levels, pruning, and thinning regimes, in conjunction with rotation lengths in Option 2 and 3 appropriate for the forecast yields of log grades. Reference to approximate ages is made as the crop development may vary as well as the market and trees can be harvested either earlier or later than a target age to match the two variables. Under the proposed management regimes the split in recovery of log grades should be quite feasible in each option. The indicated Eucalypt rotation lengths are longer than the average investment plantation rotation of 10 years more commonly offered. The additional years of growth will boost the density of the wood for better quality pulp yield and also better quality solid products with better pulp strength and timber strength respectively.

4.5 Fertiliser Regime

Fertiliser needs for each site will be assessed prior to planting. Where required, sites will receive an initial application of 100 grams per plant of 18:20:0 NPK fertiliser mix or its equivalent. There will be a follow-up application of fertiliser during the crop life dependent upon the nutrient status of the crop trees. This is done to boost early growth of the trees and gain early control of the site to prevent weeds dominating the developing trees. At a later age fertiliser (urea) may be applied either manually or from the air as required in order to ensure growth objectives are achieved. The tree needs for fertiliser will be identified by either foliar needle analysis for the pine or from soil status for the eucalypt.

4.6 Refilling Provisions

If seedlings are well cared for in transit and are planted into soils with reasonable field moisture levels then there is unlikely to be any significant drought deaths. In most instances a healthy seedling with adequate moisture will grow vigorously and field survival levels are usually in the high 90%+ levels in these high quality planting situations. Given a good strike from initial planting it has been our experience that the plantation will continue to thrive unless an unfavourable set of weather conditions develops. There have not been any drought situations develop in Tasmania or the high rainfall areas of Tumut/ Tumbarumba which have caused late (6 year old) onset of deaths on a broad acre basis.

The possibility of this level of drought impact is unlikely as the sites proposed have a history of reliable rainfall, deep soil profiles and high moisture retention capabilities in the soils.

During the first two years of the Project plantations with less than 90% survival will be refilled in the next winter or spring. If necessary, areas will be replanted the following winter.

These prescriptions will provide a suitably well-stocked plantation.

4.7 Rooding

As some of the land on the selected sites can be classed as agricultural land, new roads will be surveyed and established for planting and maintenance access purposes only. There are some well-formed former logging roads or council roads, which provide access to many of the selected sites. This road network will be extended and upgraded at the time of harvesting to a standard required to allow orderly transport of logs.

4.8 Rotation Length

Each of the planting options available to investors has a different profile in regard to rotation length, yield and growth rates as follows:

Options	Harvest Age (years)	Yield (m ³)	MAI (m ³ /ha/yr)	%Pulp	%Saw log or Veneer
Eucalyptus Pulp wood	9	T1 62	24.7	T1 100	T1 –
	13	CF260		CF 100	CF –
Eucalyptus Veneer & pulp wood	9	T1 92.3	27.4	T1 100	T1 –
	20	CF 454.8		CF 60	CF 40
Radiata Pine Saw log & Pulp wood	13	T1 98	21.8	T1 67	T1 33
	18	T2 108		T2 38	T2 62
	25	CF 345		CF 10	CF90

MAI – is an abbreviation of Mean Annual Increment which is a measure of a site's growth potential for a species and is measured in cubic metres per hectare per year; T1 is first thinning; T2 is second thinning; CF is clear felling of final crop.

All options are managed under different regimes and will be available on sites designated as most suitable for each. The rotation lengths proposed and the growth rates (MAI's) forecast are feasible and likely on the chosen sites. This is due to the stated quality parameters of the sites being acquired by Gunns and in light of other plantation companies' achievements with similar regimes of establishment on high quality sites.

4.9 Anticipated Growth - Mean Annual Increment (MAI)

The selected plantation sites are in areas adjacent to established Eucalypt or Radiata pine plantations that are achieving good growth in similar soils with approximate average rainfall of 650-1500 mm for pulpwood and sawlog/veneer rotations of 13, 20 and 25 years respectively. It is likely that the chosen sites under the intensive management regimes proposed by GPL should achieve anticipated yields of 24.7 and 27.4 cubic metres per hectare per year for eucalypts (option1 and 2 respectively). Some of the established eucalypt plantations are achieving growth in the order of 30+ m³ per hectare per year. Similarly for the Radiata pine an MAI of 21.8 m³ has been estimated although some of the established radiata plantations on sites similar to the properties to be planted have reached growth rates of around 25 to 30 m³ MAI. However because of the potential for seasonal and site variations, MAI's more reflective of average conditions have been used for GPL's yield projections.

4.10 Anticipated Yield per Hectare at Time of Harvest

Based on the intensive site preparation proposed, fertilisation regime proposed, the intrinsic high quality of proposed planting sites and the provision of good follow-up stand maintenance proposed it is anticipated that the plantations will routinely yield as follows:

Option	Harvest Volumes per hectare m ³	Total yield per hectare m ³
Eucalyptus Pulp wood	T1 62 CF 260	322
Eucalyptus Veneer	T1 92.3 CF 454.8	547
Radiata Pine Integrated	T1 98 T2 107.7 CF 344.6	550

-T1 is first thinning; T2 is second thinning; CF is clear felling of final crop

It is essential to control insect defoliation in order to ensure that growth rates are maintained to optimise yields. The proposed intensive site preparation and follow-up maintenance with fertiliser, vermin and insect pest control programs is 'state-of-the-art' practice. The yields in these plantations will still be dependent upon seasonal conditions. The rainfall in the selected sites is historically reliable, the soils of high fertility and the climate benign. Hence with good management and fair seasons, growth and yields seem reasonably assured for investors.

5 Risks, Forest Protection and Insurance

5.1 General Risk

During the life of the plantation, the trees will be regularly monitored for health and insect damage as well as protected from fire risk. Remedial action will be carried out on any area that has been affected. In the areas selected for plantation establishment the risk of damage due to fire is reduced due to the high rainfall, which is relatively uniformly spread throughout the year. Also the network of road infrastructure in place and the 4 metres external firebreaks proposed should provide increased access and further minimise any risk. The only other risk that has been seen on a very sporadic basis is the occasional occurrence of windthrow and this is relatively uncommon and sometimes occurs more after thinning if a severe storm is experienced before the stands have stabilised after thinning. There is also a limited chance of windstorms with a small area of downward blast commonly referred to as a "catspaw wind" which will see a small patch of approximately one hectare blown down in the middle of an otherwise undamaged coupe. Most of these risks are insurable events.

5.2 Forest Protection

Programs of weed control, adequate periodic firebreak maintenance and participation in the volunteer fire brigade system can further reduce this risk. Co-operation between adjoining major plantation owners in fire patrols and aerial surveillance during periods of high hazard also minimises the potential for losses.

Monitoring the growth of weeds on a regular basis and initiating necessary remedial works also ameliorates this risk.

Fungal pathogens and nutrient deficiencies are monitored on regular basis and appropriate treatments with fungal control sprays and /or fertiliser treatments will be applied when any problems are identified. These periodic checks and initiation of remedial works are part of GPL's routine practices.

5.3 Insurance

Fire insurance will be a Grower's responsibility. Growers should be aware that GPL guarantees the stocking of the plantations for the first two years at 90% of the original stocking. Growers are advised to weigh up the risks and cost/benefit for a minimum level of insurance offered by underwriters to cover a Grower for the cost of establishment and clean up of the site in the event of a fire. This minimum level of cover could be held until the age at which they can be commercially salvaged after a fire. This occurs at around age 6, 7 or 8 years for Eucalyptus and around age 10 for Pine. Insurance is not a compulsory requirement. If a Grower receives a payout for his or her woodlot at any stage it is understood they would no longer be eligible for participation in the pooled returns.

5.4 Control of Insect Damage

Insect damage, which may cause defoliation and inhibit growth of wood while the tree grows back a new crown, is a possible risk. This is the only other major risk encountered for Eucalypts in Tasmania and for Radiata pine in Tasmania and New South Wales the current industry practice is to monitor the stands for signs of high insect populations on a regular basis. When the level of insect attack warrants the stand is sprayed with a pyrethrin or a biological control substance from the air using a helicopter under strict environmental guidelines.

6 Carbon Credits

Initial thinking on carbon trading began with the Rio Earth Summit in 1992 and this was confirmed by the signing of the United Nations Framework Convention on Climate Change by all of the major developed nations. Details for implementation of this convention have subsequently been negotiated at Conferences of the Parties. The Kyoto Protocol came into existence in 1997 when 39 developed nations agreed to make reductions in emissions between 2008 and 2012.

Although Australia and the United States had both signed the original Kyoto agreement, it was not until recently (December 2007) that Australia ratified the Protocol at the Bali Conference and made it a legally binding agreement for Australia.

Since 1997 many nations and sub-national jurisdictions have established various types of greenhouse gas abatement programs. However there are presently a range of emissions trading schemes in operation that allow for the generation and trading of greenhouse gas emission offsets but the level of regulation varies greatly and the scope of the potential tradability. There is the NSW Greenhouse Gas Abatement Scheme, which started in 2003, The European Union Emissions Trading Scheme which started in 2005, "The Greenhouse Friendly" by the Australian Greenhouse Office and a whole plethora of smaller programs such as Carbon Smart and TreeSmart.

Since the ratification of the Kyoto Protocol in December 2007 the Australian Government has indicated its determination to introduce an Emissions Trading Scheme in 2010. To affect this move there are some recommendations within Professor Garnaut's "The Climate Change Review" and the Commonwealth Government's Carbon Pollution Reduction Scheme (CPRS) White Paper on Australian proposals for an Emissions Trading Scheme.

Both of these initiatives are very keen to see that the roles of forests and plantations are recognised and included in any emissions trading scheme as forestry has demonstrated capacity to sequester more carbon than it emits.

The CPRS requirements are for forest managers to be cognisant of their possible role as emitters in the event of felling and also that only land managed under Kyoto Rules are eligible to be included. This means that only land which is non forest that was planted post 1990 is eligible.

Currently there are two scheme of relevance to the planting of trees in Australia, is the NSW Greenhouse Gas Abatement Scheme (NSW GGAS) and The Greenhouse Friendly Initiative. The NSW Greenhouse Gas Abatement Scheme (NSW GGAS) allows for the generation of abatement certificates from areas of reforestation planted after 1990. However this only applies to forests planted in NSW.

Investors should be aware that these NSW carbon sequestration certificates require that the Abatement Certificate Provider only generate certificates that correspond to the minimum carbon stocks that will be maintained for 100 years.

Similarly under the guidelines of the Greenhouse Friendly Initiative there is a dedication of resource for a 70 year period and a requirement of financial "additionality" that the planting to sequester carbon be over and above the requirements of business as usual.

In the reports released to date there is strong indication that reforestation projects will be included within the Australian Emissions Trading Scheme, however the exact rules and requirements are yet to be specified. There has also been a revised Australian Standard (AS4978.1-2006) released in November 2006. This is titled Quantification, monitoring and reporting of greenhouse gases in forest projects Part 1: Afforestation and reforestation.

There is now a considerable body of opinion in the various industries around Australia that there should be an emissions trading system established that builds on a single system for gathering information as in a proposed National Greenhouse and Energy reporting system.

It is understood that most of the first-rotation plantations on former agricultural land to be developed under this PDS are likely to meet the definition of reforestation since 1990. The likelihood of a favourable position for plantations under the Garnaut Review and the CPRS does seem more likely but this only the case for managers of forest estates that can guarantee an ongoing proof of carbon to be maintained in the estate over a 100 year period. Under rules yet to be negotiated there is a liability for any volume of carbon harvested and there would need to be limited sales of carbon stored in a developing estate. There would need to always be a pool of carbon held in the plantation resource that matched the permits traded plus a safety margin for natural events of fire and storm. This would be a safeguard against an incurred liability to repay a "credit" after harvest or natural loss.

There is still no knowledge of the cost of the reporting and monitoring systems required for a set of conditions under the Kyoto Protocol or any emissions trading scheme that are still to be negotiated. It is reasonable to expect that these costs could be formidable.

It appears less likely for growers of individual (one rotation) woodlots to take advantage of carbon trading as there would be an equal and opposite liability upon harvest of the individual woodlot.

It should be noted that under the CPRS rules to date forest managers/ growers who do not elect to participate in the CPRS and trade credits are not liable for emissions due to harvesting.

In conclusion VDFC holds the opinion that GPL has taken an appropriately conservative approach to the inclusion of the potential sale returns of carbon credits as a nil contribution to commercial returns for investors. However GPL has indicated that if the trade in sequestered carbon does commence then they will attempt to market the grower's "carbon credits" as their agent and the grower will be paid 50% of net proceeds of the sale.

7. Potential Markets for Investor's Wood - Eucalypt Markets

The capacity to market the timber for a profit at the time of harvest is the key to a successful venture. Gunns has committed to purchase Growers' wood pursuant to the terms of the Draft Wood Sale Agreement as set out in section 18.6 of the PDS.

Gunns Limited operates a fully integrated hardwood and softwood operation with nine sawmills (six in Tasmania, one in South Australia and two in Western Australia), two veneer mills (one in Tasmania, one in New Zealand) and four export chip mills in Tasmania and one in Portland Victoria. The company has received conditional clearances on environmental modules from the Federal Government and now construction could begin immediately on financial close. This would be for the construction of a world scale pulp mill to produce up to 1.1 million AD tonnes of Bleached Kraft pulp per annum. This pulp mill has been designed to meet State and Federal guidelines for operation which set hurdles that are higher than current world's best practice for operation of a Kraft pulpmill. It is anticipated that once construction commenced that the mill will be operational two years later. Financial close for the project will largely depend on developments in the financial markets. In the present environment, Gunns indicate that the project will be maintained in a position to proceed until funding arrangements are complete.

Gunns indicate that discussions continue with potential joint venture partners for the mill as the introduction of a joint venture partner provides an opportunity to add both capital and substantial operational experience to the project.

7.1 Eucalypt Woodchips

Gunns Limited currently exports mainly to Japan, as well as Korea and China. Indications are that Indonesia and some provinces of China could become large importers of resource, as in both countries the domestic supply cannot match internal growth demands for paper products. Another market, that has large potential with high population and limited forest resource, is India, which actively seeks log imports from time to time as there have been restrictions placed on the harvest of logs in Indian catchments.

The demand in 2008/09 for export plantation hardwood chips has seen a marked increase in volatility in demand levels which impinges on all Australian hardwood chip exporters, and F.O.B. prices have in 2007 and 2008 seen the best increases experienced for the past decade. In 2008, Australian softwood chip exporters saw the highest levels of demand for more than a decade as their Japanese clients used higher volumes of virgin fibre and but in 2009 reduced the volume overall of production due to the global financial crisis. Similarly there has been some impact on the consumption of

hardwood chips in paper manufacture due to the pressure on availability of recycled resource, and the need to reduce the amount of virgin fibre as consumption reduces.

7.2 Future Developments

Tasmanian Pulp Mill

The potential for future sales of hardwood plantation products, from Tasmania especially, increased dramatically in 2008 when Gunns Limited received both state and federal government approvals for the construction of a Bleached Kraft Pulp (BKP) mill at a location in northern Tasmania. This is still subject to final approval of its effluent stream meeting requirements. A world class size BKP mill uses approximately four million tonnes of log input annually and Gunns Limited could currently supply only a proportion of this from existing established plantations. The most likely client for the pulp from such a mill would be China which has been experiencing growth in paper consumption at levels of 9.6 % per annum and currently consumes 55 million tonnes of paper annually. Paper consumption at this level of rate of increase, is 5 million tonnes of additional paper per year assuming 65% of China's internal need is derived from recycled and softwood fibre. Hence in order to supply this need could compute into an additional 10 million tonnes of hardwood chips per year. Most hardwood plantation resources around the world are already committed to meeting existing pulp and paper developments and there is not sufficient plantation hardwood resource to meet existing contracted volumes of supply and projected increased levels of market demand. For instance there are South American sources exporting chip to Europe and South Africa has been exporting to Japan but in this latter case there will soon be a diversion to domestic consumers in South Africa as supply volumes tighten.

As plantation hardwood resources have higher pulp yields (by 8%) than other native forest hardwood sources the plantation wood is the preferred raw material for pulp and paper manufacturers. Under these circumstances of preferred raw material and impending tight supply position in the hardwood chip market to meet both a new domestic market and maintain current export markets it is highly probable that hardwood chip markets will see a period where premium prices should apply to the product.

Published information available to VDFC indicated that China is experiencing a growth in pulp usage of more than 9% per annum and that despite increased use of imported and local wastepaper there will be increased demand for imported pulp of the quality of BHKP that the Gunns pulp mill will provide. Indications are that China will be a large buyer of imported fibre. In this same period India will also have a demand for imported pulp and probably woodchips over a period of years as its domestic consumption of paper and board ramps up as the economy in India lifts..

Importantly, when this Tasmanian pulpmill proceeds it will operate on alternate runs of either eucalypt or Pinus radiata thus providing a market for both eucalypt as well as Pinus radiata pulp logs.

7.3 Veneer Logs

Gunns Limited currently operates a sliced veneer mills in northern Tasmania and a veneer overlay plant to apply veneer sheets to substrate such as medium density fibreboard sheets. This material has maintained a good level of sales in both domestic and export locations. This will enhance the potential of sales of pruned veneer quality logs as the existing sources from mature forests have limitations of supply quantities. Recent inspections of 7 year old plantations, which have had three pruning lifts, indicate that these are developing well and continue to demonstrate high rates of growth.

There is a recently commissioned domestic manufacturer of plywood, Te Ann, in operation at Southwood in Southern Tasmania. Based on a guaranteed long-term supply of logs from managed regrowth stands, the Malaysian company has committed to build two rotary Veneer plants in Tasmania. The second rotary Veneer mill is to be built at Smithton in NW Tasmania. While both mills will initially use native forest regrowth logs there is potential to also supply plantation hardwood logs to be used in these mills. The availability of pruned eucalyptus logs with a low internal diameter over pruned stubs will generate better recovery and offer an alternative for either rotary peeled ply laminae or sliced veneer.

There were previously at least three Tasmanian log export operations, which are selling various grades of Eucalypt logs to a range of Asian customers, in addition to current chip exports. Some of these logs are derived from native forest but to a growing extent some of these are sourced from plantation logs. Some plantation owners have made shipments of peeler grade logs to export markets. Eucalyptus nitens with its white wood is also well regarded in Asian markets for solid wood products. A Tasmanian sawmill is using plantation grown eucalyptus sawlogs to produce both structural and appearance

grade timbers. This increased level of export coupled with increased amount of domestic value-adding options should increase plantation log consumption and an increased competition for log, which in turn provides higher overall return for plantation log end-uses. However, all of these options are also dependent upon currency values at the time of maturity of the plantations. One of the benefits of investments in plantation is that the trees only increase in size, and in most cases value, if the estimated time of harvest needs to be deferred due to market conditions. The opportunity to increase the yield volume of log tends to improve the harvest value at time of harvest in almost every case.

7.4 Eucalypt Market Demand

Based on the following assumptions, it is VDFC's opinion that there are reasonable grounds to expect there will be substantial demand for both pulp logs and veneer logs on final harvest. This expected demand is subject to unforeseen changes to markets and the occurrence or existence of unknown risks.

As mentioned above, there is now the imminent commencement of construction of a Bleached Kraft Pulp mill by Gunns Limited in Tasmania for the production of export pulp. Steady growth has been reported in paper consumption by the Chinese economy at 9.6 % and expanded plantation volumes would allow for a pulp mill, with sales to China to co-exist with vigorous export chip markets to various Asian purchasers. Gunns Limited is offering a range of \$39 and \$42 per cubic metre for stumpage for eucalypt plantation thinnings and clearfall operations respectively (large volumes and short cart distances). This is a competitive price for eucalypt pulpwood and there is the potential to maintain these prices with competitive domestic and export demands for other log products from eucalypt plantations.

8. Potential Markets for Investor's Wood - Radiata Pine Markets

8.1 Pine Pulpwood

GPL have plans for pine plantations in two locations; Tasmania and in the Tumut-Tumbarumba region. There is a shortage of softwood pulpwood in all of these regions that these proposed plantation resources would service very adequately in the future.

In Tasmania the new proposed pulp mill can operate efficiently and profitably on either pine or hardwood pulpwood and there is a worldwide market demand for both hardwood and softwood Kraft pulp.

In the Tumut-Tumbarumba region the Visy paper mill and the Norske Skog newsprint mill at Albury are both seeking fibre to assist their process development and the planned expansions of the two paper mills. This is reported in a study of the Value of the Timber Industry in the South West Slopes of NSW, "Present supplies are just over one million tonnes of pulp wood. The potential shortfall of pullog or sawmill residues supplied from within the region is expected to increase from approximately 39,000 tonnes to 955,000 tonnes by 2019." Hence in both Tasmania and southern NSW there is potential to make sales of pullogs and sawmill residues (woodchips) to established industries with potential and plans for expansion. It is expected that the fibre deficit to these regions will be met by haulage of distant wood at a considerable cost increase which is expected to put upward pressure on average delivered wood costs.

GPL indicate that the major fraction of Option 3 plantings will be in Tasmania with a lesser portion in the Tumut-Tumbarumba region.

8.2 Radiata Sawlogs

In Tasmania there are now two large softwood sawmill one owned by Gunns (formerly Auspine) with approximately 120,000 m³ of sawlog supply and hence this mill would welcome additional significant supplies of softwood sawlog to enable it to expand and rise to a production level closer to a world standard sawmill with matching potentially lower production costs. There is also the BassPine sawmill which is newly commissioned and has a log input of approximately 280,000 cubic metres per year of pine. There would be opportunity to sell both mills resource at maturity of the current proposed stands.

In the Tumut-Tumbarumba region there are two world scale sawmills at 500,000 and 650,000 m³ and with expansion expenditures taking place to lift the mills production to 650,000m³ and more than 800,000 m³ per annum over the next three years. As well as these two large mills there are three smaller mills and a plywood plant all dependent upon Forests NSW plantations and a modest private resource. Again it is reported in a study of the Value of the Timber

Industry in the South West Slopes of NSW that “a potential shortfall in the production of sawlogs from the region against the projected consumption of sawlog processors will increase from around 80,000 m³ to over 370,000 m³ by 2019.” This shortfall will be met in part with wood from North Eastern Victoria which is a substantial cart distance and hence higher cost at mill door. This demand and the possibility to produce logs within the region at a closer proximity to the major processing plants makes the probability of sales at reasonable stumpage returns a reasonable expectation. Recent discussions with mill resource managers have indicated their interest in future purchases of quality logs.

9. Stumpages

Eucalyptus globulus is regarded as the premium pulping species for hardwood kraft pulp and fine paper manufacture. *Eucalyptus nitens* also produces a superior quality of wood for pulp production suitable for fine paper. Both of these eucalypt species have also been found suitable for sawn, sliced and peeled wood products.

In order to arrive at a dollar value for stumpage of a log we need to review production and delivery costs. For example wood processors will pay a mill-door price (for pulpwood) of \$64-66 per m³ and a stumpage is calculated by deducting all of the costs incurred in cutting down a tree and transporting it to a mill or an export wharf for sale as either logs or as chips. Stumpage is thus a residual value per cubic metre for a plantation product standing on the stump. Usually there will be a number of market parameters factored into the stumpage determination, such as the stand volume available, individual tree size (which influences the recovery of finished product), a quality factor required for a particular process (for example pulping characteristics or pruned logs) and hence there will always be a range of mill door prices in operation.

9.1 Eucalypt Pulpwood

Stumpage Prices

GPL has planned for a stumpage price starting at approximately \$39 per cubic metre for pulpwood from thinning and \$42 per m³ for pulpwood from clearfall as the final fellings wood is older and therefore denser and provides better pulp yields as well as larger and cheaper to harvest. A range of stumpage prices and crop conditions is shown for the two commonly planted species in woodlot projects in 2008.

Stumpage Prices for Eucalypt

Species	Location	Stumpage (\$/m ³)	Factors
Blue Gum	WA	\$33-\$38	Tree size, transport distances, small stands, clearfall
Blue Gum	Vic	\$32	Clearfell, substantial contract volume, 9-10 years old, cart approx 100 km
Nitens Blue Gum	Tas	\$35	Thinnings, lower density, reliable high volumes in stands, good infrastructure
Nitens Blue Gum	Tas	\$38	Clearfell, higher density, consistent supply, larger trees at 12+ and good infrastructure

These first three stumpages in the above range are dependent on overall volume offered, age of the resource, type of harvest operation (thinning or clearfell), individual tree size of the resource and transport distance to the processing mill.

Hence for volumes of *Eucalyptus globulus* or *Eucalyptus nitens* offered on a contract basis, prices of \$39 and \$42 per m³ are being achieved in the current market conditions for a range of transport distances.

Pulp Yield and Price Premiums

GPL are also proposing to manage the plantation for a longer period than some other plantation project managers propose and this will provide a better pulp yield from the slightly older wood, which would be a market advantage. In addition log size would increase with a corresponding decrease in harvesting costs allowing for an improved net stumpage value.

It is acknowledged that due to higher pulp yields and other pulp qualities for chips from plantation wood that there are premium qualities in plantation wood. This is the basis for higher FOB prices being paid for plantation wood (currently approx 11%) because plantation chips have lower chemical costs and more consistent production results because of light

colour and uniform quality. These differentials should continue to generate regular stumpages to the order of \$39 and \$42 especially if the supplier can maintain high volume, good quality and constant supply. These stumpage values of \$39 or \$42 per cubic metre respectively are presently being achieved as part of a mill door or at wharf price, which reflects current logging, transport (within a radius of 150-km) and in-forest management costs to a level of \$53 per green tonne. After allowance is made for reasonable chipping and loading costs there is still a commercial margin, for the exporter with the present Free on Board price (FOB) for hardwood chip of \$207.40 per bone dry metric tonne (BDMT)[a bone-dry metric tonne is 1000 kilogram of completely dry wood].

However, there are discounts that are made to price which are based upon: species, location, extraction method, handling costs, wood quality and most importantly market conditions at the time of a sale. It needs to be recognised that there will be movements both up and down in stumpage based on market conditions.

VDFC is of the opinion that stumpage prices of approximately \$39 for pulpwood from first thinnings and \$42 per m³ for pulpwood from clearfall are achievable as they are currently being paid for plantation eucalypt in the present market circumstances.

9.2 Eucalypt Clearwood Veneer Logs

Eucalypt veneer logs for slicing are currently selected from regrowth and mature forest logs from all over Tasmania. Many of the stands best suited to the production of this quality log in Tasmania have been reserved for conservation reasons since the mid 1980's by successive Government decisions in the Helsham Inquiry, Forest Industry Strategy and the Tasmanian Regional Forest Agreement. Hence these logs are in limited supply. Other sources of this quality of log do not have the quantity of log to meet this demand nor do they have the qualities of grain or colour of timber that are the preferences of the market for sliced Eucalypt veneer. However, despite this position the stumpage value of veneer logs is not much higher than quality sawlogs. The two reasons for this are a high transport component for the logs and a relatively low yield in square metres of sliced leaf per cubic metre (m²/m³) of log. In comparison, the average yield of eucalypt veneer leaf (m²/m³) in Tasmania is one third of the *P. radiata* clearwood logs sliced in New Zealand. Eucalypt veneer/plywood log stumpage prices in Australian mainland states have prices that range from \$92 to \$139 per m³ inclusive of GST.

If not taken up for use in a domestic mill these quality pruned hardwood logs with good levels of sliced or peeled recovery would find ready sales in export log markets at the time of harvest. There are currently frequent calls for hardwood peelers due to the drop in supplies from tropical hardwood suppliers. These hardwood peeler logs have traditionally enjoyed high prices in export markets and this has been seen in New Zealand pruned *radiata* logs as well.

Plantation grown Eucalypt clearwood veneer log is a new product that has not been available long due to the youth of the Australian Eucalypt plantation industry. The silviculture regime adopted to maximise the production of clearwood should provide a high yield of sliced veneer. This expectation of better yield of veneer is compared to that of native forest Ash logs. Due to the proximity of Option 2 stands to the veneer mills the GPL veneer logs should have a lower transport cost, as well as attract a value premium due to the managed quality of the logs and the inherent timber qualities of light colour. Gunns Limited due to their experience in operation of three veneer slicing mills (the third mill in southern Tasmania has recently closed due to lack of availability of high quality veneer logs) has superior market knowledge of these veneer products as it sells leaf both domestically and mainly for export.

GPL has planned for the veneer logs from Option 2 achieving a stumpage range comparable to the lower end of the New Zealand pine clearwood log price range and in the intermediate range for native eucalypt veneer logs at approximately \$131 per m³. The reported mill door price for *P. radiata* veneer logs has been around A\$168.30-183.6. This equates to \$113.00 to \$131 stumpage per m³. Mainland hardwood logs of 60+ cm mid diameter fetch a premium and these would have a mill door price at a short cartage distance (50-60 Km) of \$170 - \$205. These logs would have a stumpage value of \$100 to \$135 per m³.

Hence these future Eucalypt clearwood logs will be a managed volume from stands with short cart distances should have a high veneer yield and will be in a market preferred colour and replace a diminishing resource. On the consideration of all of these positive factors, the stumpage of \$136 per m³ is reasonable and achievable.

9.3 Radiata Pine Pulpwood

There are three current users of pulpwood in the Tumut –Tumbarumba region with a pulp and paper mill and particleboard plant in Tumut and a newsprint mill in Albury. Both paper mills are in the process of upgrades to increase the production of paper and are going to need significant increases in virgin fibre intake to sustain their increased production levels as they are both already using significant volumes of recycled paper.

In Tasmania any new supply of softwood pulpwood would be readily taken up by the proposed new Kraft mill at Bell Bay, which can process either hardwood or softwood and will require more than 4 million tonnes of pulpwood or mill residues per annum. Demand for both hardwood and softwood Kraft pulp is on the increase and in many traditional regions of global supply, such as Canada and the USA, there are significant mill closures due to cost pressures on mill reinvestment required, escalating energy costs and high cost of wood inputs. Hence demand for softwood pulpwood to meet these demands for Kraft pulp will escalate as softwood Kraft also enjoys a higher selling price with current premiums of up to USD 100 above BEKP.

The proposed softwood pulp log stumpage rate of \$19 per cubic metre is in the top range currently experienced for these regions where radiata is proposed for planting in Australia. Historically there has been a reasonably high volume of pulpwood in late thinnings in these regions but this high volume surplus has disappeared and a deficit has emerged as demand increases

In terms of the relative value of softwood resource compared with hardwood for the purpose of the production of Kraft pulp further examination is required. If a stumpage value of \$40 average can be achieved for Eucalypt that translates to some \$144 / ADT pulp which could place a corresponding ascribed value of \$32 / GMT on pine logs without even taking into account the market premium for the pulp.

GPL indicate that the major fraction of Option 3 plantings will be in Tasmania with a lesser portion in the Tumut –Tumbarumba region.

9.4 Radiata pine Sawlogs

Aggregated softwood log prices for Eastern Australia are reported in the Australian Log Price Index (ALPI) based on data from the major plantation owners to June 2007 and published in September 2008.

These are prepared on a six monthly basis and are based on four log classes and are for plantations from Queensland to South Australia and include most of the major log producers. The likely purchasers of the sawlogs in the Tumut region and other sellers of logs have been canvassed and the following table is illustrative of the likely prices for these five size classes in the current market. These log prices fall within the range of log prices identified for the log diameter classes in the ALPI.

This range of log prices is not necessarily the only set of log prices which may apply as mills operate in different markets for different materials and have a mill door price which will be influenced by the milling process, recovery and outlet for all of the products as well as ruling market conditions. In South Eastern Australian plantation areas there is a wide range of prices and these fall in the middle ranges. The spread of log diameter classes can also influence the price of a log mix as well.

Log Diameter Classes	Indicative Log Stumpage / m ³
Sale price per m ³ (sawlog) <24 cm	\$29.40
Sale price per m ³ (sawlog) 24 - 32 cm	\$48.65
Sale price per m ³ (sawlog) 32 - 45 cm	\$69.30
Sale price per m ³ (sawlog) 45+ cm	\$78.75

9.5 Stumpages

Based on the preceding comments and on the observed payments for pulpwood from thinnings and clearfell, it is VDFC's opinion that GPL's current stumpage prices planned for timber harvested from the Project are reasonable as they are being achieved in the current market. These prices are subject to change due to changes in market conditions depending on the occurrence or existence of unknown risks.

10. Conclusion

The profitability of the Project will depend on the values at the time of harvest for the international prices of hardwood pulpwood; the international prices for export logs and for sliced veneer, much of which is currently being exported. Other key variables are the exchange rate of the Australian dollar, the costs of harvesting and delivery of logs and the level of demand for the logs. On the basis of observed prices, cost structures and demand trends, the commencement price for each of the two options appears to be achievable and is a current market price for pulpwood.

These proposed resource developments in Tasmania and in the Tumut - Tumbarumba region are well positioned to access potential growth in domestic value-added operations based on both pine and hardwood plantations as well as developing export opportunities.

The development of a range of softwood and eucalypt plantations on suitably high quality sites provides an opportunity to combine a commercial renewable resource project with significant environmental and regional economic benefits. These plantations will complement existing plantations with similar objectives.

The financial success of a forestry project to a Grower depends on the growth rates, stumpage prices and market conditions. This emphasises the critical issues for success are acquisition of good land, application of good forestry management, a sound market potential and a strategy to access these markets.

The land selected by GPL in each region accords with its stated selection criteria and has high productivity potential for the proposed plantations.

This GPL Project has the potential to meet its financial objectives if the intensive forestry regimes proposed for the two Eucalyptus options and the two thinning stages of a 25 year pine rotation are followed and appropriate marketing arrangements are put in place. Our observations to date indicate that these Eucalyptus regimes are being implemented as planned and Gunns Limited who have off-take agreements with GPL for product are well placed now and for the future to fulfil such agreements at appropriate market rates.

With the two stage pine thinning regime there are contested markets for both pulpwood and sawlog products from these proposed plantations with at least two or more consumers of each in each region as well as access to viable export ports.

11. Disclosures

VDFC is independent of GPL and has provided opinions on this project as the independent forestry consultant and in no other capacity. VDFC has used some information provided by GPL in this report. Whilst this information has been checked for reasonableness and accuracy there is a range of factors that can impact on the results achieved. Neither VDFC nor its employees responsible for the production of this report takes responsibility for omission or error in any other matter in the PDS not referred to in this report, and does not guarantee the performance of this Project due to the attendant risks in investments of this nature. VDFC does not accept responsibility for updating the information contained in the expert report after the date of production.

In accordance with regulation 7.6.01(u) of the Corporations Regulations 2001, Van Diemen Forestry Consultants makes the following disclosures:

- (i) Van Diemen Forestry Consultants has been retained by Gunns Plantations Limited to prepare the Independent Forester's Report and Independent Market Report for inclusion in the Product Disclosure Statement. The total remuneration for this engagement was at standard professional fee rates.
- (ii) Van Diemen Forestry Consultants also provides consultant services to Gunns Plantations Ltd on behalf of Growers to ensure that the plantation maintenance and protection is done to an expected professional standard.
- (iii) Van Diemen Forestry Consultants does not make any direct investment in Gunns Plantations Ltd or its business interests and has no commercial interests in the financial products being offered other than as a service provider to Gunns Plantations Ltd.
- (iv) Van Diemen Forestry Consultants does not hold an Australian Financial Services Licence and is not operating under such a licence in providing this report.

Yours faithfully



Van Diemen Forestry Consultants Pty Ltd
G.J. Cross B. Sc. (For), RPF, MIFA, MACFA

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Taxation Adviser's Report

6 April 2009

The Directors
Gunns Plantations Limited
PO Box 572
Launceston TAS 7250

Dear Sirs

Gunns Plantations Woodlot Project 2009 – Tax Opinion

As you are aware the Australian Taxation Office (ATO) has or will issue Product Rulings PR 2008/66 (for Growers who select Planting Option 1), PR 2008/67 (for Growers who select Planting Option 2), PR 2008/68 (for Growers who select Planting Option 3) and PR 2008/69 (for Growers who select the Blended Option) along with associated addenda in connection with the Gunns Plantations Woodlot Project 2009 (the Project). Subject to the further comments below, all four Product Rulings apply for Growers who enter into the Project after 15 October 2008 but before 30 June 2009.

The Product Rulings set out the views of the Commissioner of Taxation in connection with investing in the Project. On the basis that the ATO have issued PR 2008/66, PR 2008/67, PR 2008/68 and PR 2008/69, we have not been asked to provide a detailed opinion as to the taxation outcomes for Growers participating in the Project. Our comments below are limited to guidance as to the application that the Product Rulings will have for Growers in particular circumstances and to Goods and Services Tax matters.

Growers participating in the Project should be aware that the levels and basis of taxation can change and they should take independent professional advice, having regard to their particular circumstances, prior to making the investment.

In addition, KPMG's tax practice is not licensed to provide financial product advice under the Corporations Act and taxation is only one of the matters that must be considered when making a decision on a financial product. Potential investors should consider taking advice from an Australian Financial Services licence holder before making a decision on a financial product.

1. Scope of the Product Rulings

Importantly, a Product Ruling does not amount to a guarantee as to the commercial viability of the investment. In a Product Ruling, the Commissioner of Taxation sets out his opinion on the way in which the tax laws will apply to Growers who take part in the Project.

Where the Commissioner has issued a Product Ruling the ATO must, when determining the amount of tax payable as a result of the arrangement considered in the Product Ruling, apply the views of the law as expressed in the Product Ruling. However:

- A Product Ruling is only binding on the Commissioner to the extent to which the Project is implemented as outlined in the Product Ruling;
- The Commissioner can withdraw a Product Ruling at any time. If such a withdrawal occurs then the Product Ruling will generally still apply to arrangements that began to be carried out before the withdrawal. At any rate, PR 2008/66, PR 2008/67, PR 2008/68 and PR 2008/69 only provide advice on the availability of tax benefits for the income years up to the income year in which the scheme is terminated in accordance with the project constitution; and
- If there is a subsequent change to the taxation law, any such change will take precedence over the Product Ruling.

2. Classes of person to which the rulings apply

Generally Growers are only permitted to rely upon a Product Ruling provided that:

- They fall within the class of persons identified in the Product Ruling as being persons to whom it applies; and
- They carry out the Project in accordance with the scheme as described in the Product Ruling.

2.1 Classes of persons

A Product Ruling generally outlines the classes of persons to whom it applies. Generally, the Product Rulings apply to taxpayers who are initial participants and invest with the intention of deriving assessable income. Certain aspects of the addenda to the Product Rulings only apply to Growers who intend to stay in the project until completion. In addition, the Product Rulings will only apply to Growers who have been accepted to take part in the project on or after 15 October 2008 and before 30 June 2009.

The Product Rulings list classes of persons to whom the rulings do not apply. The Product Rulings do not apply to, amongst others, Growers who have been accepted to take part in the project prior to 15 October 2008 or after 30 June 2009, Growers who obtain their interests in the investment other than through offers made through the Product Disclosure Statement, Growers whose application fees, including all loan moneys, are not paid in full to Gunns Plantations Limited by 30 June 2009 and Growers who enter finance agreements with Gunns Finance Pty Ltd outside of the terms specified in the Product Rulings.

2.2 Arrangements

As indicated above, the Product Rulings will only apply to persons who enter into the Project in accordance with the arrangement as outlined in the Product Rulings. Growers who depart from these arrangements will not be afforded protection by the Product Ruling.

3. Tax treatment of payments under the Product Rulings

The Product Rulings confirm the following:

- Provided Growers do not have a CGT event in respect of their interests before 1 July 2013, Growers will be entitled to a tax deduction for the full amount of the Establishment Fee in the year in which it is paid (30 June 2009).
PR 2008/66, PR 2008/67, PR 2008/68 and PR 2008/69 indicate that no deduction arises under Section 394 of the Income Tax Assessment Act 1997 (the Act) for the Establishment Fees paid by Growers where a CGT event occurs in respect of their interest in the Project before 1 July 2013.
- Growers will be entitled to a tax deduction for maintenance fees, rent, sales commission and any baseline pruning fees (Planting Option 2 and Blended Option only), in the year in which these expenses are paid. Again, the Product Rulings confirm that no deduction arises under Section 394 of the Act for maintenance fees, rent, sales commission and any baseline pruning fees (Planting Option 2 and Blended Option only), paid by Growers where a CGT event occurs in respect of their interest in the Project before 1 July 2013.
- Growers will be entitled to a tax deduction for insurance premiums and associated administration costs in the year in which such expenses are incurred.
- Growers will generally be entitled to a tax deduction for interest on loans with Gunns Finance Pty Ltd as such interest is incurred.

- Growers who enter into finance arrangement with Gunns Finance Pty Ltd as described in the Product Rulings will be entitled to a tax deduction for the Loan Establishment Fee. The tax deduction for the Loan Establishment Fee is to be spread over the period of the loan or 5 years, whichever is shorter.
- Provided the project is carried out in the manner described in the Product Rulings during the income years specified, Growers who incur taxation losses arising from their participation in the Project will not be prevented from offsetting those losses against their other assessable income in the financial year in which the losses arise for the financial years ended:
 - for Growers who choose Woodlot Option 1, 30 June 2009 to 30 June 2021;
 - for Growers who choose Woodlot Option 2, 30 June 2009 to 30 June 2028;
 - for Growers who choose Woodlot Option 3, 30 June 2009 to 30 June 2033; or
 - for Growers who choose Woodlot - Blended Option, 30 June 2009 to 30 June 2033.

4. Tax treatment of receipts under the Product Rulings

The gross sales proceeds from the Project attributable to the Grower's produce, less any GST payable on those proceeds for Growers who are registered for GST, will be assessable income of the Grower.

5. Goods and Services Tax (GST)

Growers will need to decide whether or not they will, or must, register for GST purposes. If Growers do register for GST, they will be entitled to an input tax credit for the GST included in the fees paid by them, subject (amongst other things) to Growers holding a valid tax invoice at the time that they lodge their Business Activity Statements (BAS) to claim this credit. In this instance, however, Growers will only be entitled to claim a tax deduction for the GST exclusive amount of any such fees.

Growers who are registered for GST will need to charge and account to the ATO for GST when they sell their timber and they will need to lodge regular BAS for the period whilst they remain registered.

Growers should seek their own taxation advice as to whether or not they should, or must, register for GST.

Important Disclaimers

Our tax advice is based on current taxation law as at the date our advice is provided. You will appreciate that the tax law is frequently being changed, both prospectively and retrospectively. A number of key tax reform measures have been implemented, a number of other key reforms have been deferred and the status of some key reforms remains unclear at this stage.

Unless special arrangements are made, this advice will not be updated to take account of subsequent changes to the tax legislation, case law, rulings and determinations issued by the Australian Commissioner of Taxation or other practices of taxation authorities. It is your responsibility to take further advice, if you are to rely on our advice at a later date.

We are, of course, unable to give any guarantee that our interpretation will ultimately be sustained in the event of challenge by the Australian Commissioner of Taxation.

These comments are made specifically in response to your request for advice on behalf of Gunns Plantations Limited. Accordingly, neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person or company who markets or otherwise encourages the promotion of the Gunns Plantations Limited Woodlot Project 2009.

Yours faithfully

A stylized, handwritten signature in black ink that reads "KPMG". The letters are cursive and interconnected, with a long horizontal stroke extending from the end of the "G".

KPMG

Summary of Material Contracts

This section contains summaries of the material contracts for the Project. The summaries refer only to the principal terms in each contract. If you wish to review the full contents of a contract you should inspect a copy at GPL's registered office during normal business hours. The material contracts for the Project are the:

- Constitution;
- Management Agreement;
- Forestry Right Deed;
- Agreement to grant a Sub-Forestry Right;
- Sub-Forestry Right Deed; and
- Draft Wood Sale Agreement.

Terms or expressions used in this section that are capitalised and are not defined elsewhere in this PDS have the meaning given to that term in the relevant contract.

21.1 Constitution

Members' rights will be governed by the Constitution. The Constitution establishing the Project was made on 6 February 2009 by GPL as Responsible Entity. The terms of the Constitution are binding on the Responsible Entity, the Members (and all persons claiming through them) as if those persons were a party to the Constitution. The Constitution is a legally enforceable deed.

Important features of the Constitution and applicable provisions of the Corporations Act are as follows:

Duties, Powers and Obligations of the Responsible Entity

The Responsible Entity must:

- make arrangements for the custody of the Fund and Baseline Pruning Expenses Account (including appointing a Custodian) and hold the Fund but not the Baseline Pruning Expenses Account, as trustee for the Members of the Project;

- manage the business, investments and affairs of the Project and the arrangements that relate to the Project;
- ensure that all services reasonably required by Growers under a Sub-Forestry Right Deed and Management Agreement are performed in a proper and efficient manner;
- ensure that all goods and services required to be provided or performed under a Sub-Forestry Right Deed and Management Agreement and other material agreements are provided or performed in accordance with the relevant agreements and the Constitution; and
- exercise its powers and carry out its duties in accordance with the Corporations Act.

The Responsible Entity has all the powers of a natural person and all powers that are reasonably necessary for it to carry out its functions and duties under the Constitution. The Responsible Entity may borrow for the purpose of the Project provided that the borrowings are not secured by, or repaid from, property held on trust for Members. The Responsible Entity is entitled to establish and act as responsible entity for other managed investment schemes and to manage other investments.

Creation of the Fund

The Constitution allows for the creation of a Fund consisting of:

- an application portion constituting all application money received by the Responsible Entity or the Custodian and the investments for the time being representing those sums;
- a wood proceeds portion that is divided into sections for each planting option with each section constituting all the gross proceeds from the sale of harvested wood from that planting option paid to the

Responsible Entity or the Custodian, the investments for the time being representing those sums and the proceeds of sale, redemption, repayment or realisation of any investments of the money held in the section and any reinvestment of the money held; and

- a carbon rights proceeds portion that is divided into sections for each planting option with each section constituting all proceeds from the sale of carbon rights for that planting option received by the Responsible Entity or the Custodian and the investments for the time being representing those sums.

The Constitution also allows for the establishment of a Baseline Pruning Expenses Account. All amounts paid to the Responsible Entity or the Custodian by a Grower as reimbursement for the Baseline Pruning Expenses paid by the Responsible Entity are paid into this account.

Holding of money

All money held in the Fund is held by the Responsible Entity or the Custodian on trust for the Members as appropriate, until distributed by the Responsible Entity or the Custodian in accordance with the Constitution.

Limitation of liability

Neither the Responsible Entity nor any creditor of the Responsible Entity, or the Project, shall have any claim against any Members of the Project for any liabilities incurred in connection with any money invested or in respect of any action taken by either the Responsible Entity or any Gunns Finance of the Responsible Entity under the Constitution except that the Responsible Entity may recover from any Member:

- in respect of an express indemnity given to the Responsible Entity by the Member, whether in the Sub-Forestry Right Deed, Management Agreement or otherwise;

- any loss or damage incurred by the Responsible Entity caused by a breach of the Constitution, the Sub-Forestry Right Deed or Management Agreement by a Member;
- any unpaid amount of the Application Fee due to the Responsible Entity by a Member;
- any amount owing to the Responsible Entity from a Member under a Sub-Forestry Right Deed or Management Agreement;
- any fee incurred by the Responsible Entity as a result of a cheque or order for payment being dishonoured; and
- any moneys mistakenly paid to a Member in excess of the moneys properly payable under the Constitution, the Sub-Forestry Right Deed, Management Agreement or Wood Sale Agreement.

Interests

A Member, other than a Grower, shall have an interest in the application portion equal to its proportional interest but does not have any interest in any particular part of the application portion or in any investment in the application portion.

A Contributing Grower shall have an interest in the wood proceeds portion for the planting option selected by the Grower equal to its proportional interest in the Woodlots on issue but does not have any interest in any particular part of that wood proceeds portion or in any investment in that wood proceeds portion.

A Grower shall have an interest in the carbon rights proceeds portion for the Planting Option selected by the Grower equal to their proportional interest but does not have any interest in any particular part of that carbon rights proceeds portion or in any moneys in the carbon rights proceeds portion.

No Member shall have any interest in the Baseline Pruning Expenses Account.

Information

The Responsible Entity:

- will provide a copy of the Sub-Forestry Right Deed and Management Agreement upon a written request to the Responsible Entity accompanied by a fee prescribed by the Responsible Entity not exceeding \$50 (inclusive of GST);
- will make a copy of the Constitution available to Members at the Responsible Entity's registered office free of charge during business hours. Non-Members are entitled to receive a copy of the Constitution from the Responsible Entity on payment of \$50 (inclusive of GST) or such other sum prescribed under section 601GC(4) of the Corporations Act;
- must send a copy of the Independent Forester's Report (which reviews the operations relating to the Project, contains particulars of any significant change in the Responsible Entity's policy relating to silvicultural activities and details as to whether or not the Responsible Entity has during the period since the last Forester's Report carried out the services to be performed under the Sub-Forestry Right Deed and Management Agreement in a proper and efficient manner) to each Grower within 30 days of receiving the Independent Forester's Report; and
- must send a copy of the accounts to all Growers as required by the Corporations Act.

Woodlot statements

The Responsible Entity must send Woodlot statements to Growers within 6 months after the relevant Sub-Forestry Right Deed and Management

Agreement are entered into and also within 6 months after an assignment or transmission of a Woodlot is registered.

Assignment or transmission

A Grower is not entitled to assign its rights and obligations under the Management Agreement to which it is a party except in the circumstances permitted under the Management Agreement.

A Grower is not entitled to assign its rights and obligations under the Sub-Forestry Right Deed to which it is a party except in the circumstances permitted under the Sub-Forestry Right Deed.

An assignment is not effective until the assignee is entered into the register in respect of such Sub-Forestry Right Deed and Management Agreement. The Responsible Entity has the power to decline to register an instrument of assignment if the instrument is not duly stamped (if applicable) and accompanied by such evidence as the Responsible Entity may reasonably require to show the right of the assignor to make the assignment, if fees which are due and payable in respect of the relevant Sub-Forestry Right Deed or Management Agreement are unpaid or if the Responsible Entity does not approve of the assignee. Such approval will not be unreasonably withheld by the Responsible Entity.

Any person who becomes entitled to a Sub-Forestry Right Deed and Management Agreement in consequence of the death, bankruptcy (including winding up or external administration) or mental incapacity of a Grower has the right (upon producing such evidence as is required by the Responsible Entity) to be registered itself as the holder of the Sub-Forestry Right Deed and Management Agreement or assign those agreements in the same way as the Grower would have been able to.

Application Fees and interest

The Responsible Entity will ensure that the Custodian places all Application Money in the Application Portion of the Fund until the Responsible Entity authorises the Custodian to release the Application Money for payment of Woodlot Establishment Expenses. The Application Money will be released when:

- an Application which is subject to finance becomes unconditional because finance has been approved;
- the Responsible Entity is in possession of an executed Sub-Forestry Right Deed and Management Agreement; and
- the Responsible Entity is satisfied of the matters specified under the heading "Release of application money" below.

The Application money is held in a trust bank account.

Application procedures

Applications to enter into a Sub-Forestry Right Deed and Management Agreement must be on the application forms attached to the current PDS issued by the Responsible Entity or in such other form as the Responsible Entity may require and be signed by or on behalf of the applicant. The Application must be lodged together with payment of the Application Fee to the Custodian.

The Responsible Entity may within 28 days after receipt of the Application, in its absolute discretion, accept or refuse any Application to enter into a Sub-Forestry Right Deed and Management Agreement, without giving any reasons for the refusal. If an Application is refused, the Responsible Entity must inform the applicant of that fact and ensure that the Custodian refunds any Application Fee paid by the applicant.

If an Application is noted as being subject to finance, the Application will only be accepted by the Responsible

Entity on the condition that a lending institution (which may include GPL or an associated entity of GPL) agrees to lend the amount of finance required to the applicant. GPL does not warrant, undertake, covenant or agree that such finance will be provided or procured.

If the Responsible Entity or the applicant is not notified in writing within 28 days after the date of lodgement of the Application of the agreement by the lending institution to lend, then either party not notified may by notice in writing to the other withdraw or cancel the Application and the Responsible Entity shall ensure that the Custodian refunds to the applicant any part of the Application Fee paid in respect of the Application to which the notice relates.

Upon acceptance of an Application by the Responsible Entity, the Responsible Entity will prepare the Sub-Forestry Right Deed and Management Agreement in accordance with the details specified on the Application and which will commence on a date to be determined by the Responsible Entity.

Entry into Sub-Forestry Right Deed and Management Agreement and allocation of Woodlots

Upon acceptance of an Application by the Responsible Entity, the Responsible Entity will:

- arrange for a Management Agreement to be executed by all parties:
 - (a) on or before 30 June in the year the application is received; or
 - (b) in the case of an application received after 30 June on a date determined by the Responsible Entity;
- arrange for a grant of a Forestry Right to be executed by all parties within 9 months of the application being accepted; and

- allocate (in the Responsible Entity's absolute discretion) Woodlots to the Members.

Release of application money

Before authorising the release of the Application Fee (as noted above), the Responsible Entity must be reasonably satisfied that:

- the Sub-Forestry Right Deed and Management Agreement are in the form required by the Constitution and have been duly completed and executed by all parties;
- the Responsible Entity has the capacity to grant the Forestry Right referred to in the Sub-Forestry Right Deed;
- all necessary consents to the grant of the Forestry Right referred to in the Sub-Forestry Right Deed and entry into the Sub-Forestry Right Deed and Management Agreement have been obtained;
- the property the subject of the Forestry Right referred to in the Sub-Forestry Right Deed is not subject to any encumbrance or restriction which detrimentally affects the interests of the Member;
- any other matter required to be attended to, which is necessary for the creation of the Forestry Right to be granted under the Sub-Forestry Right Deed and the effective vesting in the Grower of its Sub-Forestry Right Deed whether by reason of the Constitution or otherwise has been attended to; and
- there are no outstanding material breaches of any of the provisions of the Constitution which are detrimental to the interests of the Member whose Application Fees are to be released.

Registration of Forestry Right Deed

The Responsible Entity must within 9 months of entering into the Management Agreement lodge the

Forestry Right Deed for registration with the Tasmanian Recorder of Titles or New South Wales Registrar General.

Remuneration

The Responsible Entity shall receive by way of remuneration in relation to the Project those fees in relation to the proper performance of its duties provided for in the Constitution and any Sub-Forestry Right Deed and Management Agreement.

Distribution of wood proceeds and carbon rights proceeds

On or before the day one month after the last day permitted for dispatch of accounts, the Responsible Entity will distribute, or will ensure that the Custodian, on its behalf distributes, among the Growers who were such Growers on the last day of the previous accounting period, out of the wood proceeds portion for each planting option selected by the Grower such Grower's proportional interest in that wood proceeds portion relating to the last accounting period. The amount of each distribution is to be based on each Grower's proportional interest. The Responsible Entity shall ensure that it (on behalf of the Custodian) or the Custodian collects, receives and pays to each Grower its proportional interest in the carbon rights proceeds for the relevant planting option in accordance with the relevant Management Agreement. The proportional interest is based on the number of Woodlots granted to a Grower for that planting option relative to the total number of Woodlots granted for that planting option.

At 30 June in each year, each:

- Grower shall be presently entitled to a proportional interest in the wood proceeds portion for the planting option selected by the Grower; and
- Grower shall be presently entitled to a proportional interest in the carbon rights proceeds portion for the planting option selected by the Grower.

The Responsible Entity may deduct or ensure that the Custodian deducts, from any amounts payable to a member (including distributions):

- any unpaid amount that the Responsible Entity has incurred in performing its duties and acting in accordance with the Constitution, Management Agreement and Sub-Forestry Right Deed;
- any unpaid expenses payable by the Grower under the Sub-Forestry Right Deed or Management Agreement; or
- any tax or duty paid.

The amounts deducted from an amount payable to a Member will only be amounts that are owed by that particular member or the proportion of costs that the Responsible Entity determines are applicable to that particular Member.

These deductions may be made at any time, even if they could have been made, but were not made, from money previously paid to that Member.

Member's Right to Withdraw

If a forestry right is not granted to an Applicant within 9 months after the issue of an interest in the Project to that Applicant, the Responsible Entity must notify the Applicant in writing no later than 7 days after the expiration of that period that a forestry right has not been granted and that the Applicant has the right to withdraw from the Project.

An Applicant who has the right to withdraw may lodge a written withdrawal request with the Responsible Entity in the form and manner prescribed by the Responsible Entity.

If the Responsible Entity receives a valid withdrawal request, the Responsible Entity must, in relation to the relevant Woodlots:

- cancel the Sub-Forestry Right Deed and Management Agreement;

- remove the withdrawing Applicant's name from the register of Members; and
- pay to the withdrawing Applicant the Application Money paid in.

Liability of Responsible Entity

The Responsible Entity is not liable for any loss or damage to any person (including any Member) arising out of any matter where, in respect of that matter it:

- acted as required by any law;
- acted in accordance with the Constitution and its duties;
- relied in good faith upon any signature, marking or documents; or
- it followed a direction given to it by a resolution passed at a duly convened meeting of Members (as the case may be).

Indemnity of Responsible Entity

If the Responsible Entity acted in accordance with the Constitution and its duties as a Responsible Entity, it will be indemnified and reimbursed out of the Fund for:

- any costs incurred by the Responsible Entity in performing its duties and acting in accordance with the Constitution, Management Agreement and Sub-Forestry Right Deed;
- any tax or duty paid; or
- fees payable to a regulatory authority.

This right of reimbursement and indemnity out of the Fund is available only in relation to the proper performance of the Responsible Entity's duties. The Responsible Entity will not be exempt from, or indemnified against, liability for breach of trust where the Responsible Entity fails to show the degree of care and diligence required of a trustee having regard to the powers, authorities or discretions conferred on the Responsible Entity by the Constitution.

Such right of indemnity in respect of a matter will not be lost or impaired by reason of a separate matter (whether before or after the first mentioned matter) in breach of trust or in breach of the Constitution.

Meetings

Under the Constitution, the Responsible Entity may at any time convene a meeting of Members and must do so when required to do so by the Corporations Act.

Meetings of Members will be convened in accordance with Part 2G.4 of the Corporations Act.

Removal of Responsible Entity

The Responsible Entity may only be removed as single Responsible Entity of the Project in accordance with section 601FM of the Corporations Act. Section 601FM permits Growers to take action under Part 2G.4 of the Corporations Act for the calling of a meeting of Growers to consider and vote on an extraordinary resolution that GPL should be removed as single Responsible Entity of the Project and be replaced by a new Responsible Entity. The resolution to remove GPL will be passed if it is passed by at least 50% of the votes cast by Growers entitled to vote on the resolution.

Retirement of Responsible Entity

The Responsible Entity may only retire as Responsible Entity of the Project in accordance with section 601FL of the Corporations Act. Section 601FL requires GPL to call a meeting of the Growers to explain its reason for wanting to retire and to enable the Growers to choose another company to be the new Responsible Entity of the Project.

Accounts

The Responsible Entity will keep accounting records as required under the Corporations Act. The accounts will be lodged in accordance with the requirements of the Corporations Act. An auditor shall prepare all reports

required to be prepared under the Corporations Act.

The Responsible Entity shall, if required by law, prepare yearly Accounts within 3 months after the end of each Financial Year. Copies of the Accounts will be sent to all Growers.

Auditor

GPL has appointed KPMG to be the Auditor of the Project to audit the accounts. The Auditor may, with the consent of ASIC, retire. GPL may, with the consent of ASIC, remove the Auditor.

The Auditor's fees are payable by GPL.

Complaints

The Constitution sets out detailed procedures that apply to the making of complaints by Members and the processing of such complaints. The Complainant must make a complaint in writing to the Responsible Entity. The Responsible Entity must:

- within 5 business days of receiving the complaint, notify the Complainant that it has received the complaint and is considering it; and
- within 30 business days of receipt of the complaint, determine and notify in writing to the Complainant its decision regarding the complaint.
- If the Complainant is not satisfied with the decision of the Responsible Entity, the Complainant must participate in alternative dispute resolution procedures with the Responsible Entity before the dispute can be brought in proceedings before a court.

Termination of the Project

The Project may be wound up:

- if, pursuant to section 601NB of the Corporations Act, at a meeting called by the Members, an extraordinary resolution is passed by the Members

which directs the Responsible Entity to wind up the Project;

- if the Responsible Entity considers that the purpose of the Project has been accomplished, or cannot be accomplished, in accordance with section 601NC of the Corporations Act;
- if a court directs the Responsible Entity to wind up the Project; or
- in any other circumstances provided for under the Corporations Act.

Subject to the Corporations Act and to any orders of any relevant court, the Responsible Entity shall as soon as practicable after it is required to terminate the Project realise all assets in relation to the Project after paying all proper costs, disbursements, commissions, brokerage fees and other outgoings and after allowing for all proper provisions for liabilities. The balance obtained is to be divided among the relevant Members according to their proportional interests. Upon the winding up of the Project, an independent audit of the final accounts of the Project shall be conducted by a registered company auditor appointed by the Responsible Entity (which auditor may be the same person as the Auditor).

Modification of the Constitution

The Constitution may be modified by:

- the Responsible Entity if it reasonably considers the change will not adversely affect Members' rights; or
- special resolution of Members.

Compliance Plan

As required by the Corporations Act, GPL as Responsible Entity has prepared and lodged with ASIC a Compliance Plan for the Project. The Compliance Plan sets out measures that GPL will apply in operating the Project to ensure compliance with the Corporations Act and the Constitution.

GPL will engage a registered company auditor to audit the Compliance Plan each year and as at the date of this Product Disclosure Statement, the registered auditor is KPMG. The audit report will be lodged with ASIC.

A copy of the Compliance Plan will be available to Members at the Responsible Entity's registered office free of charge during business hours. Non-Members are able to obtain a copy of the Compliance Plan from the Responsible Entity on payment to the Responsible Entity of \$50 (inclusive of GST) or such other sum prescribed under section 601GC(4) of the Corporations Act.

Compliance Committee

If required by the Corporations Act, GPL as Responsible Entity will establish a Compliance Committee. Where a Compliance Committee is not required to be established, the Board of Directors will be responsible for overall compliance matters.

Because half of the directors of the Responsible Entity are external directors at the date of this Product Disclosure Statement, a Compliance Committee need not be established and the Board will adopt the roles and obligations of the Compliance Committee.

The Responsible Entity may purchase insurance for Members of the Compliance Committee.

The Compliance Committee will:

- monitor the Responsible Entity's compliance with the Compliance Plan;
- report any breaches of the Corporations Act or Constitution involving the Scheme to the Responsible Entity;
- report to ASIC if they are of the view that the Responsible Entity has not taken, or does not propose to take, appropriate action to deal with the reported breach; and

- assess at regular intervals whether the Compliance Plan is adequate, to report to the Responsible Entity on the assessment and to make recommendations to the Responsible Entity about any changes that it considers should be made to the plan. It is the Compliance Committee's intention to meet every two months from the commencement of the Project.

21.2 Management Agreement

Parties

The parties to a Management Agreement will be GPL as Manager, Gunns and the Grower. The Manager may, pursuant to clause 12 be required to make an offer to Gunns (right of first refusal).

Term of agreement

The Management Agreement commences on the Commencement Date and terminates on the final distribution of Net Wood Sale Proceeds unless terminated earlier in accordance with the agreement.

Appointment

The Grower appoints the Manager to perform the Establishment Services, Maintenance Services and Pruning Services and the Manager must perform these services for the Grower during the term of the agreement.

Establishment services

The Manager must prepare the Grower's Woodlots for the planting of seedlings in accordance with good silvicultural practice, including ploughing, cultivation and procuring healthy seedlings and undertake the planting.

The Manager must use its best endeavours to complete the Establishment Services within 12 months from the date the Application Fee is paid or the Manager is first permitted under the Forestry Right Deed to access the land for the purpose of commencing the Establishment Services, whichever

is the later. However, if that period extends beyond 30 June of the financial year immediately following the year in which the Application Fee is paid, the Manager must use its best endeavours to ensure that the services will be provided by that 30 June.

Maintenance services

The Manager must rear the Trees and maintain the Grower's 'Woodlots in accordance with good silvicultural practice, including:

- replanting any of the Trees which die during the first two years to 90% of the average initial planting density of the Developed Area;
- replanting of any discreet area, of one hectare or greater in size, during the first 2 years after the Commencement Date, that has less than 50% of the average initial planting density to its initial planting density;
- general maintenance of the Woodlots;
- maintenance of all fire breaks and access roads;
- application of fertiliser to the Grower's Woodlots;
- providing advice and assistance to the Grower in relation to management of the Grower's Woodlot;
- procuring a written report from the Independent Forester in relation to the progress of the growth of the Trees and status of the Woodlot by 31 October in each year of the Project starting in Year 2; and
- providing a copy of the report of the Independent Forester to the Grower within 30 days of the Manager receiving the report.

Pruning Services

The Manager will prune the trees in accordance with the guidelines specified. The guidelines provide that in respect of:

- Planting Option 1, the Trees will not be pruned;

- Planting Option 2, the Trees will be pruned 3 times before approximately age 10; and
- Planting Option 3, the Trees will not be pruned.

Harvest

Harvesting includes Commercial Thinning and Final Harvesting. The Trees will be harvested in respect of each Planting Option as follows:

- Planting Option 1 – Commercial Thinning at approximately year 9 and Final Harvest at approximately year 13;
- Planting Option 2 – Commercial Thinning at approximately year 9 and Final Harvest at approximately year 20; and
- Planting Option 3 – Commercial Thinning at approximately years 13 and 18 and Final Harvest at approximately year 25;

Any Harvest will be conducted in accordance with the relevant Wood Sale Agreement.

Licence

To the extent permitted by the Sub-Forestry Right Deed, the Grower irrevocably grants to the Manager for the Term a licence to access the Grower's Woodlots to carry out the functions and activities contemplated by the Management Agreement and the Wood Sale Agreement and the right and authority to grant a similar licence to any third party.

Manager's discretion

The frequency and timing of any pruning, Commercial Thinning or Final Harvest is at the discretion of the Manager.

In exercising that discretion the Manager must have regard to good silvicultural practice, the guidelines relating to the frequency and timing of pruning, Commercial Thinning or Final Harvest set out in the agreement, the growth rate of trees, prevailing market conditions for

the sale of wood of similar species, quality and quantity of the wood, the volume of wood per hectare, the quality of Wood derived from the Trees and the objective of maximising returns to Growers.

Payments

(i) Establishment Fee

The Grower must pay to the Custodian, to hold on behalf of the Manager the Establishment Fee to cover establishment services. Payment of the Application Fee constitutes full payment of the Establishment Fee.

(ii) Maintenance Fee

The Manager is entitled to the Maintenance Fee, which will be deducted by the Custodian on behalf of the Manager from the Wood Sale Proceeds and paid to the Manager in accordance with the Constitution.

(iii) Baseline Pruning Fees

The Grower must pay to the:

- (a) Custodian; or
- (b) the Manager,

The following Baseline Pruning Fees for each Planting Option within 14 days of invoice. These fees will increase in line with inflation.

	Option 1	Option 2	Option 3
1st pruning	n/a	\$810.00	n/a
2nd pruning	n/a	\$867.00	n/a
3rd pruning	n/a	\$924.00	n/a

Note: All costs quoted above are inclusive of GST.

(iv) Sales Commission

The Manager is entitled to the Sales Commission (plus any applicable GST), which will be deducted by the Custodian on behalf of the Manager from the Wood Sale Proceeds and paid to the Manager in accordance with the Constitution.

Agency

The Grower appoints the Manager as sole agent to sell the Wood on the Grower's behalf on substantially similar terms and conditions to those set out in the Draft Wood Sale Agreement.

The Grower appoints the Manager as sole agent to commercially exploit (including commercial exploitation by sale or otherwise) the Carbon Rights on the Grower's behalf. The Grower appoints the Manager as agent to administer any claim made under the public liability insurance taken out in respect of the Plantation (set out in the Forestry Right Deed) and to do all things necessary for the resolution, settlement or disposal of any such claim.

Off-take Arrangements

Where the Manager proposes to sell the Wood, the Manager must first offer to sell the Wood to the Purchasers who have signed the Deeds Poll or to entities nominated in writing by those Purchasers on terms and conditions substantially similar to those contained in the Draft Wood Sale Agreement. An offeree may accept or reject the offer within 30 days from the date of the offer. If the offer is not accepted within the 30 days, the Manager must offer the Wood available for sale on the open market on terms and conditions substantially similar to those contained in the Draft Wood Sale Agreement.

Insurance

If requested in writing, the Manager will use its best endeavours to arrange any insurance requested by a Grower against destruction or damage of the Grower's Plantation by fire and other usual risks. The Grower will be invoiced for the cost of the insurance plus a 10% administration charge (plus any applicable GST).

A Grower may take out additional insurance against risks such as fire. In the event that a Grower takes out additional insurance and makes a successful claim, they will not receive a pro-rata entitlement from the pooled sale proceeds or pooled carbon rights proceeds in respect of the Woodlot in relation to which the claim was made. In this event the Grower must pay to the Manager a fee equal to 16.5% of the insurance proceeds received in respect of the claim (inclusive of GST) within 30 days of receipt of those proceeds in satisfaction of the Maintenance Fee and Rental Fee for the Woodlot destroyed or damaged.

If a Grower does not take out additional insurance in respect of the trees on the Grower's Woodlot and those trees are wholly destroyed (whether by fire or any other event beyond the control of the Grower and GPL), then the Grower must pay all amounts owing or to be reimbursed by the Grower under this agreement and the Sub-Forestry Right Deed and any other outstanding fees identified by the Manager and this agreement will terminate on payment thereof.

The Manager will be responsible for insuring the Plantation against public risk for an amount of at least \$20,000,000.

Manager's Undertakings

The Manager undertakes that it will at all times during the term of the agreement use high quality materials in providing the Services, ensure that the Services are carried out in a proper and diligent manner, make good any defect or damage caused to the Grower's Woodlot by faulty workmanship or materials, use its best endeavours to obtain optimal Tree growth, and comply with the relevant forest practices legislation and the Constitution.

Termination

If the Management Agreement is terminated, the Grower must pay to

the Custodian all moneys owing to the Manager under the Management Agreement and Sub-Forestry Right Deed within 7 days of the date of a demand in writing by the Manager to the Grower.

Termination Events

The Manager may in its absolute discretion elect to terminate the Management Agreement if:

- the Grower breaches a provision of the Management Agreement and that breach is unremedied for 60 days from the date that the Manager gives the Grower written notice of the breach;
- the Sub-Forestry Right Deed is terminated for any reason; or
- the Manager is entitled to wind up the Project in accordance with the Constitution.

Default by Manager

The Grower may by written notice to the Manager terminate the Management Agreement at any time after any of the following acts are committed by the Manager:

- a breach of the Management Agreement and failure to remedy the breach within 60 days upon receiving written notice from the Grower to do so; or
- bankruptcy or placed into liquidation (otherwise and solely for amalgamation or reconstruction) or in official management or if there are any meetings, arrangements or compositions with Gunns Finance or if a receiver, or a receiver and manager, is appointed over any part of the Manager's assets or undertaking and is not removed or withdrawn within 30 days of the appointment; or
- a breach of a condition of its Australian financial services licence granted under the Corporations Act or a corresponding law.

Financial Assistance

If, after the fifth anniversary of the Commencement Date, the Grower suffers financial or other hardship, the Grower may apply to the Manager to pay on the Grower's behalf amounts owing under the Management Agreement or Sub-Forestry Right Deed.

The Manager must not offer a Grower financial assistance unless it is satisfied that the Grower is suffering financial hardship. If the Manager pays the Grower's costs or fees in any particular year at the Grower's request, then for each such year, the Grower must assign to the Manager 5% of the Grower's entitlement to Net Wood Sale Proceeds determined in accordance with the Constitution.

In the event that there are insufficient woodlot proceeds to cover unpaid fees the difference will become a legal debt immediately due and payable and the Manager will pursue available legal avenues to recover the amount.

Default in Payments

Where the Grower has not paid any amount required by the Management Agreement or Sub-Forestry Right Deed, the Manager may pay such amounts on behalf of the Grower.

The Manager must be reimbursed for such amounts paid plus interest calculated daily at a rate equal to 2% above the index interest rate quoted by ANZ Banking Group Ltd.

If the Manager is not fully reimbursed by that Grower, the Manager will be repaid any outstanding amounts from the Grower's entitlement to Net Wood Sale Proceeds, determined in accordance with the Constitution.

Accounts

The Manager must procure that the Custodian will establish and maintain accounts for the Project and comply with the requirements imposed on the Custodian as set out in the Management Agreement.

The Manager must procure that the Custodian deduct from the Wood Sale Proceeds and pay to the Manager, in accordance with the Constitution:

- the Maintenance Fee (plus any applicable GST);
- the Rental Fee (plus any applicable GST);
- the Sales Commission (plus any applicable GST);
- an amount equal to amounts to be reimbursed to the Manager for payments made on the Grower's behalf, plus any applicable interest; and
- any other amounts owing under the Management Agreement and the Sub-Forestry Right Deed plus any applicable interest.

The Manager must procure that the Custodian pays to the Grower the Grower's entitlement to Net Wood Sale Proceeds and Net Carbon Rights Proceeds in accordance with the Constitution.

No warranty

The Manager makes no warranty in respect of the growth or survival rate of the trees and the Manager is not liable for any damage to the Grower's Woodlots caused by any circumstance beyond the control of the Manager.

Operation of Project

For the efficient and safe operation of the Project, the Grower must not enter into any of the Grower's Woodlots or interfere with, cut, fell, thin or prune any of the trees without the consent of the Manager. The Manager's consent must not be unreasonably withheld.

GST

GST is imposed on a supply made under the Management Agreement, the supplier may increase the consideration for that supply to account for GST or otherwise recover the amount of GST from the recipient.

Dispute Resolution

If a dispute arises between the parties, the parties must use their best endeavours to resolve the dispute. If the parties fail to resolve the dispute, the dispute will be determined by an expert. The decision of the expert is binding on the parties. The parties must bear the expert's costs equally. A party must not commence court proceedings or arbitration in relation to a dispute unless they have first followed this dispute resolution process.

Limitation of Liability

The Manager is not liable for any loss or damage to any person for any reason, where the Manager has acted as required by law, in accordance with the Management Agreement, Sub-Forestry Right Deed or Constitution or has relied in good faith upon any signature, marking or documents.

Assignment

The Manager may assign its rights and obligations under the Management Agreement provided that the assignee enters into a covenant to the effect that the assignee agrees to be bound by the same obligations as the Manager.

The Grower may assign its rights and obligations under the Management Agreement only where the Grower assigns all of its rights and obligations in the Project to that person including the Grower's rights and obligations in the Sub-Forestry Right Deed.

Force Majeure

Neither party will be liable for any failure or delay to perform its obligations under the Management Agreement (except for obligations to pay money) if that delay is due to an event of Force Majeure (i.e. the event of Force Majeure has materially adversely affected that party's ability to perform its obligation under the agreement). If that delay or failure to

perform exceeds 12 months, either party may immediately terminate the Management Agreement by written notice to the other.

Force majeure is defined to mean anything outside the reasonable control of a party and includes, but is not limited to, fire, storm, flood, earthquake, explosion, accident, act of the public enemy, war, act of terrorism or sabotage, rebellion, insurrection, sabotage, epidemic, quarantine restriction, labour dispute, labour shortage, transportation embargo or failure or delay in transportation, act of God or act of any government or governmental agency.

Delegation

All rights and obligations imposed on the parties may be exercised by the parties' respective employees and contractors, but delegation to employees or contractors does not release any party from liability under the Management Agreement.

Costs and Expenses

Each party must pay its own costs and expenses in respect of the preparation, negotiation and execution of the Management Agreement, except that the Manager must pay any stamp duty applicable.

21.3 Agreement to grant a Sub-Forestry Right

Parties

The parties to the Agreement to grant a Sub-Forestry Right will be the Grower and GPL.

Agreement

The Agreement to grant a Sub-Forestry Right provides that as soon as reasonably practicable after the acceptance of an application:

- GPL shall, in respect of the Grower, prepare and execute a Sub-Forestry Right Deed; and
- the Grower shall execute the relevant Sub-Forestry Right Deed.

21.4 Forestry Right Deed

Parties

The parties to the Forestry Right Deed will be the Landowner as grantor and GPL as grantee.

Conditions Subsequent

The Forestry Right Deed is conditional upon all approvals in relation to the proposed tree farming being obtained to the satisfaction of GPL and the dedication of the Land as a Private Timber Reserve within six months after the commencement date of the Deed. If the conditions subsequent are not satisfied or otherwise waived by GPL, the Deed will terminate and the Forestry Right Fees paid to the Landowner must be repaid to GPL in full within 14 days.

Grant of Forestry Right

GPL is granted the following rights in relation to the Land for the Term:

- the right to establish, plant, tend, maintain and harvest the Trees and carry out the Project (the Permitted Activities);
- all right, title and interest in the Trees;
- all right, title and interest in the Carbon Rights; and
- the right to access the Land for the purpose of carrying out the Permitted Activities.

Grant of Ancillary Rights

The Landowner also grants the following rights to GPL in relation to the Land for the term:

- the right to construct and use road, tracks, buildings and other facilities for the purpose of carrying out the Permitted Activities; and
- the right to erect signs on the Land.

Term

The term of the Deed will be from the Commencement Date to the completion of Harvest, unless terminated earlier under the terms of the Deed.

Registration of Forestry Right

The parties will sign the Registration Instrument and any other document required to enable the Forestry Right, or any rights granted by the Sub-Forestry Right Deed, to be registered.

Forestry Right Fee

GPL will pay the Forestry Right Fee to the Landowner in arrears on the Payment Dates. The Forestry Right Fee will be subject to an annual CPI based review. The annually varied Forestry Right Fee will not be less than the annual Forestry Right Fee in the immediately preceding year, or more than 105% of the fee for the previous year.

GPL's Covenants

In undertaking the tree farming, Gunns must cause as little interference as possible to neighbouring properties, promptly repair any damage caused to roads, tracks or fences, comply with all statutes affecting the Land, only construct buildings on the Land for the purposes of tree farming (and remove them when they are no longer needed), ensure all debris from harvesting is confined within the Land and take out public liability insurance with cover of at least \$20,000,000.

Landowner's Covenants and Acknowledgments

The Landowner must obtain the written consent of mortgagees and caveators of the Land to the grant of the Forestry Right within 14 days of the execution of the Deed.

The Landowner must assist GPL to obtain dedication of the land as a Private Timber Reserve.

The Landowner must not interfere with the rights of GPL or its agents, lessees or licensees in carrying out the Permitted Activities.

The Landowner acknowledges that at the end of the Term GPL shall not be required to remove any stumps, debris, roads or tracks from the Land nor be liable to reimburse the

landowner for any costs associated with their removal.

Assignment and Licensing

Either party may assign its interest under the Deed subject to obtaining the written consent of the other party. GPL may licence or assign to a third party some or all of the rights under the Deed.

Force Majeure

If a Delaying Event, including a Drought or other event beyond the control of the parties occurs during the Term, then GPL will notify the Landowner of the effect on the harvest of the Trees and the Landowner will be deemed to extend the Deed accordingly.

The Deed may not be extended by more than 24 months and the Forestry Right Fee will continue to be paid during the extended period on the terms contained in the Deed.

Default and Termination

Either GPL or the Grower may terminate the Sub-Forestry Right Deed if the other party remains in default of any obligation 60 days after written notice of the default has been received.

GPL is entitled, but not obliged, to remedy any default of the Landowner at any time, and all costs and expenses incurred by GPL in doing so must be paid by the Landowner to GPL on demand. Except for emergency situations, GPL must give the Landowner not less than 7 days notice before exercising this right.

GST

Where GST is imposed on a supply made under the Deed, the supplier may increase the consideration for that supply to account for GST or otherwise recover the amount of GST from the recipient.

Dispute Resolution

If a dispute arises between the parties, the parties must use their best endeavours to resolve the

dispute. If the parties fail to resolve the dispute, the dispute will be determined by an expert appointed under the terms of the Deed. The decision of the expert is binding on the parties. The parties must bear the expert's costs equally. A party must not commence court proceedings or arbitration in relation to the dispute unless they have first followed this dispute resolution process.

Indemnity

GPL indemnifies the Landowner against all claims and costs which the Landowner may suffer arising out of the negligent or careless use of the Land or Fixtures by GPL or a Permitted Person, or any accident, damage to property, injury or death suffered by any person arising out of an act or omission of GPL or a Permitted Person on or near the Land.

21.5 Sub-Forestry Right Deed

Parties

The parties to a Sub-Forestry Right Deed will be GPL as Grantor and the Grower as Grantee.

Conditions Subsequent

The grant of the Forestry Right is conditional upon all approvals in relation to the proposed tree farming being obtained to the satisfaction of GPL within six months of the Commencement Date. If the condition subsequent is not satisfied or otherwise waived by GPL then the grant of the Forestry Right terminates and all moneys paid under the Sub-Forestry Right Deed are returned to the Grower, except any costs incurred by GPL in obtaining the approvals and any rent payments made to GPL.

Grant of Forestry Right

GPL grants to the Grower a Forestry Right for the Term but excluding the Common Areas. GPL grants the Grower a nonexclusive licence to use

the Common Areas for the purposes of the Project.

Term

In relation to each Woodlot, the term of the Sub-Forestry Right Deed will be from the Commencement Date to the completion of Harvest, unless the Forestry Right is otherwise terminated in accordance with its terms.

Growers' Rights and Obligations

The Grower may only exercise the Forestry Right to carry out the Permitted Activities. The Grower must obey the obligations imposed on GPL in the Forestry Right Deed. The Grower will at all times have full right, title and interest in the Wood and Carbon Rights unless the Forestry Right is terminated.

Grantor's Obligations

GPL must not breach the Forestry Right Deed and must not do anything that may end the Forestry Right Deed, or the registration of the Forestry Right, before its expiry date.

GPL warrants to the Grower that it has paid all money payable under the Forestry Right Deed and has not received any notice from the Landowner to remedy a breach of any provisions of the Forestry Right Deed at any time up to the date of execution of the Sub-Forestry Right Deed.

The Sub-Forestry Right Deed ends automatically if the Forestry Right Deed ends for any reason at the same time that the Forestry Right Deed ends.

Rent

Rent for each Woodlot will comprise a Rental Fee payable to the Grantor that will be deducted by the Custodian from the Wood Sale Proceeds.

If a Grower is uninsured and the trees on the Grower's Woodlot are wholly destroyed (whether by fire or any other event beyond the control of the Grower and GPL), then the Grower will pay rent in the amount of \$55 per annum

(inclusive of GST) for the period from the Commencement Date until the date of termination of this Deed.

Assignment and Licensing

Either party may assign its interest in the Forestry Right subject to obtaining the written consent of the other party. Where the Grower assigns its interest, the proposed assignee or transferee must enter into a deed of covenant with GPL requiring the Ingoing Party to observe the Sub-Forestry Right Deed.

Damage to Trees

If at any time after the second anniversary of the Commencement Date of the Sub-Forestry Right Deed, 100% of the trees in a Planting Option are destroyed or materially damaged by fire or other cause, then GPL may terminate the Sub-Forestry Right Deed in respect of that Planting Option.

Default and Termination

Either GPL or the Grower may terminate the Sub-Forestry Right Deed if the other party remains in default of any obligation 60 days after written notice of the default has been received.

Upon early termination all right, title and interest of the Grower or any permitted person, in the Trees and Carbon Rights are deemed to be assigned and transferred to GPL.

If the Sub-Forestry Right Deed is terminated due to the default of GPL, GPL must pay to the Grower an amount equivalent to the agreed market value of the Trees and Carbon Rights.

GPL is entitled to remedy any default of the Grower at any time, and all costs and expenses incurred by GPL in doing so must be paid by the Grower to GPL on demand. Except for emergency situations, GPL must give the Grower not less than 7 days notice before exercising this right.

If the Management Agreement is terminated by the Manager in accordance with the Management Agreement or as a result of a successful insurance claim by a Grower, then without prejudice to any other rights accruing to the Grantor and the Grower at that date, the Grantor may terminate the Sub-Forestry Right Deed.

GST

Where GST is imposed on a supply made under the Sub-Forestry Right Deed, the supplier may increase the consideration for that supply to account for GST or otherwise recover the amount of GST from the recipient.

Dispute Resolution

If a dispute arises between the parties, the parties must use their best endeavours to resolve the dispute. If the parties fail to resolve the dispute, the dispute will be determined by an expert appointed under the terms of the Sub-Forestry Right Deed. The decision of the expert is binding on the parties. The parties must bear the expert's costs equally. A party must not commence court proceedings or arbitration in relation to a dispute unless they have first followed this dispute resolution process.

Costs and Expenses

Each party must pay its own costs and expenses in respect of the preparation, negotiation and execution of the Sub-Forestry Right Deed, except that the Grantor must pay any stamp duty applicable.

21.6 Draft Wood Sale

Agreement

Under Deeds Poll executed by the Purchasers of Growers' Wood, the Purchasers are required to enter into Draft Wood Sale Agreements with GPL as agent for the Selling Growers no later than 30 days prior to the date for Harvest as determined by the Manager. In the event that any of

the agreements with the Purchasers do not complete for any reason, GPL will seek offers from third parties on similar terms.

Sale and Purchase of Wood

GPL agrees to sell to the Purchaser all of the saleable wood derived from the Woodlots on the terms and conditions set out in the agreement. Gunns must accept all Wood that is Harvested and Delivered in accordance with the Harvest Plan. The Purchase Price must be paid by the Purchaser to the Custodian within 28 days after the Delivery of the Wood in accordance with the Harvest Plan.

Determination of Purchase Price

The purchase price for the wood must be a fair and reasonable price per tonne taking into account:

- the proposed end-use of the wood;
- the price or prices being paid by other bona fide wood processors for wood of the same or similar species, quantity and quality in Tasmania and in other States of Australia;
- customary methods of determining the price of wood of the same or similar species, quantity and quality in Tasmania and in other States of Australia;
- the quality of the wood offered for sale to the extent that it would affect the purpose to which the wood will be put;
- the timing of the commencement of harvesting of the timber so that the wood being sold is harvested and marketed in an orderly way; and
- relevant information supplied by any party including statistics or indices relevant to wood prices published by the Australian Bureau of Agricultural and Resource Economics, the Australian Bureau of Statistics or any other government authority or industry body.

For wood harvested under Option 1 and 2, the purchase price for the wood for the relevant log type will not be less than both the relevant Floor Price and the price paid by Gunns to other major Tasmanian plantation timber suppliers for wood of the same or similar species, quality and quantity as determined by GPL (Average Comparative Price).

In determining the Average Comparative Price, GPL will exclude prices paid for wood where the volume levels are not material or where the terms of the sale were not at arms length.

The relevant Floor Price, in the case of wood harvested for sale as pulpwood is the Pulpwood Floor Price, and in the case of wood harvested for sale as veneer logs, the Veneer Log Floor Price. The Pulpwood Floor Price means, at clear fall, the price per tonne equal to 39% FOB (expressed in green metric tonnes) for the average price of Australian hardwood plantation woodchip exports at the time of harvest as published by Gunns Limited and at thinning, 90% of this figure. The Veneer Log Floor Price means the price per m³ determined by GPL in accordance with the following formula:

$$\text{ASP} \times \text{Yield} \times 7\% = \text{Veneer Log Floor Price}$$

ASP = average selling price for Gunns eucalypt veneer leaves (expressed in \$/m²) derived from plantations as defined in the audited accounts of Gunns

$$\text{Yield} = \text{m}^2 \text{ saleable veneer} / \text{m}^3 \text{ plantation log input as defined in the audited accounts of Gunns}$$

For wood harvested under Option 3, the purchase price for the wood for the relevant log type will not be less than the prevailing market stumpage price for the relevant log type (i.e. sawlog or pulp log) at the time of harvest.

If GPL does not approve the price and obtains an alternative offer to purchase on the same terms and conditions but at a higher price and that alternative offer is delivered to the Purchaser at least 1 month prior to the date on which the Purchaser requires the delivery of the wood to commence then the Purchaser has an option for 1 month to purchase all of the wood for that higher price. If the Purchaser decides not to do so within the 1 month option period, GPL may sell the wood to the alternative purchaser.

Determination of Grade and Quantity

Wood will be graded by a Timber Classification Officer after it has been harvested and before it is removed from the land.

Grading will be carried out in accordance with specifications set out in the Harvest Plan and according to recognised industry standards agreed to by GPL. The quantity of wood to be purchased will be determined by weight and where it cannot be determined by weight, the quantity will be determined by the harvest supervisor by any other reasonable method used within the forestry industry and agreed to by GPL.

Harvesting and Delivery

Harvesting and Delivery is to be carried out by the Purchaser. All wood sold to the Purchaser under the Draft Wood Sale Agreement is sold "on the stump" and all additional costs of Harvest and Delivery of the wood are at the Purchaser's expense. GPL agrees to grant to the Purchaser a licence to enter onto the land to harvest and deliver the wood, to construct and use roads and tracks (including but not limited to culverts and bridges) and buildings and other works and facilities.

Ownership and Risk

Ownership and risk in relation to the wood will pass to the Purchaser only when the wood is delivered

to a location nominated by the Purchaser and the wood is accepted by the Purchaser as meeting the specifications of the Harvest Plan.

Mutual Covenants

GPL grants to the Purchaser until completion of Harvesting and Delivery, a licence for the Purchaser to enter the land to tend and maintain the Selling Grower's trees.

Termination

GPL is entitled to terminate the agreement if the Purchaser is in default of any of its obligations under the agreement. GPL must give the Purchaser notice of the default and require the default to be remedied. GPL may terminate the agreement if the default continues for 14 days, in relation to an obligation to pay money, or continues for a period of 1 month for any other default.

The Purchaser is entitled to terminate the agreement if GPL is in default of any of its obligations under the Wood Sale Agreement and such default continues for 1 month after Gunns has notified GPL of the default.

In addition, the Purchaser may terminate this agreement if there is a material adverse change to the level of committed purchase agreements for the Purchaser's wood products and the level of committed purchase orders has not returned to the level that existed prior to the material adverse change for a period of 12 months or more.

GST

Where GST is imposed on a supply made under the agreement, the supplier may increase the consideration for that supply to account for GST or otherwise recover the amount of GST from the recipient.

Limitation of GPL's Liability

GPL is not liable for any loss or damage, however caused (including, but not limited to the negligence of GPL), suffered by the Purchaser, its employees or contractors in

connection with the Purchaser or its employees or contractor undertaking the harvest or delivery of the wood pursuant to the agreement.

Assignment

A party must not assign its rights and obligations under the agreement unless it obtains the consent of the non-transferring party. The transferring party must obtain a deed of covenant from the assignee in favour of the non-transferring party that the assignee will observe the covenants contained in the agreement. A party must not unreasonably withhold its consent.

Costs and Expenses

Each party must pay its own costs and expenses in respect of the preparation, negotiation and execution of the Wood Sale Agreement, except that the Purchaser must pay any stamp duty applicable.

Delegation

All rights and obligations imposed on the parties may be exercised by the parties' respective employees and contractors, but delegation to employees or contractors does not release any party from liability under the agreement.

Additional Information

22.1 Information

Copies of documents lodged with ASIC in relation to the scheme may be obtained from, or inspected at, an ASIC office.

22.2 Woodlot Allocation

GPL reserves the right to accept or reject applications for Woodlots at its complete discretion. Woodlots will be allocated in the order in which applications are received. Growers may be allocated Woodlots at any of the sites selected by GPL for the Project. GPL reserves the right to allocate a Member, other than a Grower, a lesser number of Woodlots than that applied for. If this occurs the Application Fee surplus will be refunded.

22.3 Minimum Subscription

There is no minimum number of Woodlots that need to be subscribed for before any Woodlots will be allocated.

22.4 Investments

The intention of the Project is that the Application Fee and Wood Sale Proceeds will be invested in a bank account held by the Custodian. The Responsible Entity will not take into account labour standards, or environmental, social or ethical considerations for the purpose of selecting, retaining or realising the investment in the bank account.

22.5 Register

A register of Growers will be maintained by GPL at its registered office. The register may be inspected between the hours of 10:00 am to 4:00 pm, Monday to Friday. GPL reserves the right to restrict access to the register as permitted by law.

22.6 Commissions

Any commissions paid to advisers or persons involved in the distribution or promotion of interests in this Project will be paid by GPL from its own funds and do not represent an extra amount to be paid by you or from your investment in the Project.

22.7 Interests of GPL

As Manager, GPL will receive from each Grower:

- Application Fee;
- pruning fees;
- 16.5% of the Gross Proceeds (inclusive of GST) in respect of the Rental Fee, Maintenance Fee and Sales Commission;
- reimbursement of any insurance premiums paid on behalf of a Grower plus a 10% commission as described in section 21.2;
- 50% of net proceeds from any sale of carbon credits as described in section 10; and
- interest earned on any funds held by the Custodian as permitted by the Constitution.

GPL is also entitled to receive from the Grower all GST payable on the above amounts, pursuant to the relevant agreements and this PDS. GPL may also receive reimbursement for ongoing costs paid by it on behalf of a defaulting Grower together with interest at 2% per annum above the ANZ Banking Group Limited index rate.

22.8 Interests of GPL's Directors

For the financial year ending 30 June 2000, 30 June 2001, 30 June 2002 and 30 June 2003 the Directors each received fees of \$15,000 per year plus out of pocket expenses. For the financial years ended 30 June 2004 and 30 June 2005 the Directors each received fees totalling \$29,975 plus out of pocket expenses.

For the financial years ending 30 June 2006 and 30 June 2007 the Directors each received fees totalling \$36,790 plus out of pocket expenses.

For the financial years ending 30 June 2008 the Directors each received fees totalling \$40,875 plus out of pocket expenses.

For the financial years ending 30 June 2009 the Directors will each receive

fees totalling \$54,500 plus out of pocket expenses.

22.9 Interests of Experts

KPMG has prepared the Taxation Adviser's Report included in this PDS. In addition KPMG has provided advice in relation to the structure of the Project. GPL has paid or has been invoiced approximately \$2,788.50 for these services up to the date of this PDS.

Further amounts may be paid to KPMG on terms agreed with GPL. Shields Heritage has:

- drafted the constituent documents and material contracts for the Project;
- drafted various sections of the PDS including Project structure, summary of material contracts and additional information;
- provided advice in relation to due diligence and verification of the PDS;
- reviewed the Project finance documentation;
- liaised with ATO officials in relation to that application; and
- prepared the application to ASIC for registration of the Project as a managed investment scheme and liaised with ASIC officials in relation to that application.

GPL has paid or has been invoiced approximately \$1,048.30 for these services up to the date of this PDS. Further amounts may be paid to Shields Heritage on terms agreed with GPL.

Van Diemen Forestry Consultants Pty Ltd has prepared the Independent Forester's and Independent Market Report included in this PDS. GPL has paid or has been invoiced approximately \$555 for this service up to the date of this PDS. Further amounts may be paid to Van Diemen Forestry Consultants Pty Ltd in accordance with their time-based charge-out rates.

22.10 Consents

Written consents to the inclusion of statements in the PDS attributed to a party other than GPL have been given and at the time of lodgement of this PDS had not been withdrawn by the following parties:

- KPMG has given its written consent to the inclusion in this PDS of its Taxation Adviser's Report. KPMG has not authorised or caused the issue of this PDS and takes no responsibility for any statement in this PDS other than the references to its name and its Taxation Adviser's Report.
- Van Diemen Forestry Consultants Pty Ltd has given its written consent to the inclusion in this PDS of its Independent Forester's and Independent Market Report. Van Diemen Forestry Consultants Pty Ltd has not authorised or caused the issue of this PDS and takes no responsibility for any statement in this PDS other than the references to its name and its Independent Forester's and Independent Market Report.
- Gunns Limited has given its written consent to the inclusion in this PDS of statements attributed to it. Gunns Limited has not authorised or caused the issue of this PDS and takes no responsibility for any statement in this PDS other than the references to its name and statements attributed to it.

22.11 Cooling off Period

A person who makes an application under this PDS has the right to withdraw their application and obtain a refund (less any amounts GPL is entitled to deduct by law) within a 14 day cooling off period. This right is subject to certain limitations set out in the Corporations Act.

The cooling off period begins either from the day GPL confirms acceptance of your application in writing or 5 days after GPL issues

you an interest in the scheme, whichever first occurs. The right to withdraw cannot be exercised at any time after you have exercised a right or power under the Project. The cooling off period is extinguished once a Management Agreement has been executed by the Grower (or by the Responsible Entity under Power of Attorney from the Grower), notwithstanding that the cooling off period may not have expired.

The right to withdraw from the Project must be exercised in writing to:

Gunns Plantations Limited
Administration Manager
78 Lindsay Street
Launceston, Tasmania, 7250

22.12 Privacy

GPL will collect personal information from you in order to process your application, administer your investment and provide you with services relating to your investment. To do that, GPL may disclose your personal information to our agents, contractors, or third party service providers to whom GPL outsource services. GPL may also use your personal information to tell you about other products and services offered by us. If you do not provide us with your personal information, we cannot process your application, administer your investment and provide you with services relating to your investment.

Where permitted by law including the Privacy Act 1988 (Commonwealth) GPL, any member of the Gunns Group, and third parties such as investment advisers and brokers acting on your behalf ("Parties") may exchange with each other any information about you including:

- any information provided by you in the Application Form;
- any other personal information you provide to any of the Parties or which they otherwise lawfully obtain about you; and
- any transaction details or

transaction history arising out of your arrangements with any of the Parties.

If GPL engages anyone (a "Service Provider") to do something on its behalf then GPL and the Service Provider may exchange with each other any information referred to above for any of the purposes referred to above.

GPL might give any information referred to above to entities other than the Parties and the Service Providers where it is required or allowed by law or where you have otherwise consented.

By signing the Application Form, you agree that any information referred to above can be used by the Parties and any Service Provider for establishing or updating your investment in the Fund, and for the administration of your investment, planning, product development, research purposes, and statistical analysis. You can request access to most personal information that GPL holds about you. If you would like to make a request for access, please phone FREECALL 1800 015 023. If you have concerns about the completeness and accuracy of the information we have about you, notify us and we will take steps to correct it.

22.13 The Tamar Ridge Gold Club

Tamar Ridge invites the investor to join its exclusive investors wine club – The Tamar Ridge Gold Club. The Gold Club provides its investor members with generous savings on the recommended retail prices of a selection of wines within the Tamar

Ridge Estates portfolio. You will be advised of these selections on a regular basis.

If you wish to enrol in the Tamar Ridge Gold Club, please complete the relevant section in the GPL Application and Power of Attorney Form.

Loans from Gunns Finance

Loans from Gunns Finance under this PDS are only available to applicants applying to enter the Project as Growers.

There are two loan types:

- a 12 month interest free loan; and
- Principal and Interest Loans for 3, 5, 10 or 15 year terms.

Growers may borrow the amount of the Application Fee from Gunns Finance Pty Ltd, by completing the loan application in the Finance Application of this PDS (Section 26.2).

Gunns Finance takes security over the rights, entitlements and interests of the Borrower under, arising from or otherwise in relation to the Project Documents for the duration of the loan. A Loan Establishment Fee to cover stamp duty and administration costs is payable by the applicant and added to the loan amount.

There is also a repayment table available online that provides the following details for each of the loans for differing numbers of Woodlots:

- the total application fee payable;
- the total Loan Establishment Fee payable;
- the total loan amount, including the Loan Establishment Fee; and
- the monthly repayment amounts.

23.1 Gunns Finance Pty Ltd - Loan Terms

By applying to enter into the one of Gunns Finance's loan options in the Finance Application of this PDS (Section 26.2), applicants are making an application to enter into a loan agreement with Gunns Finance on the following terms and conditions:

1. Interpretation

1.1 Interpretation

In this Loan Contract, headings and boldings are for convenience only and do not affect the interpretation of this Loan Contract and, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
 - (b) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;
 - (c) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and any governmental agency;
 - (d) a reference to any thing (including, but not limited to, any right) includes a part of that thing but nothing in this clause 1.1(d) implies that performance of part of an obligation constitutes performance of the obligation;
 - (e) a reference to a clause, party, annexure or schedule is a reference to a clause of, and a party, annexure and schedule to, this Loan Contract and a reference to this Loan Contract includes any annexure and schedule;
 - (f) a reference to a law is to that law as replaced or amended from time to time;
 - (g) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
 - (h) a reference to a party to any document includes that party's successors and permitted assigns;
 - (i) no provision of this Loan Contract will be construed adversely to a party solely on the ground that the party was responsible for the preparation of this Loan Contract or that provision;
 - (j) a covenant or agreement on the part of 2 or more persons binds them jointly and severally. This means that if two or more persons are named in this Loan Contract as Borrower, each Borrower is jointly and individually liable for paying all money owing under this Loan Contract and performing all obligations under this Loan Contract; and
 - (k) a reference to liquidation includes appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding-up, dissolution, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death.
- #### 1.2 Business Day
- Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the preceding Business Day.
- ## 2. The Loan
- ### 2.1 Gunns Finance agrees to advance the Loan to the Borrower to assist the Borrower to pay the Investment Amount referred to in Item 1 of the Schedule:
- (a) provided that the conditions precedent in clause 3 of this Loan Contract are satisfied; and
 - (b) otherwise, on the terms and conditions contained in this Loan Contract.
- ### 2.2 The Borrower agrees to apply the Loan in part payment of its Participation and irrevocably instructs Gunns Finance to disburse the Credit Amount to Gunns Plantations Ltd accordingly.
- ### 2.3 The Deposit required to fund the loan may be varied within good commercial terms at the absolute discretion of Gunns Finance.
- ### 2.4 The interest rate of the Loan may be varied within good commercial terms at the absolute discretion of Gunns Finance.

3. Conditions Precedent

- 3.1 Gunns Finance is not obliged to provide the Loan until:
- (a) the Borrower's application to participate in the Project has been accepted by Gunns Plantations Ltd;
 - (b) it has received the Security, in form and of substance satisfactory to it, duly executed and delivered;
 - (c) it has received, completed and executed as applicable by the Borrower, all documents necessary to perfect the conveyance; and
 - (d) if any Project Document will be signed under power of attorney, Gunns Finance has received evidence satisfactory to it that the relevant power of attorney has been registered.

4. Interest, Fees And Charges

- 4.1 The Borrower must pay Gunns Finance:
- (a) the Loan Establishment Fee. This fee is added to the Credit Amount on the date the Borrower applies for the Loan and is non-refundable; and
 - (b) any fees payable to Gunns Finance under any Direct Debit agreement between Gunns Finance and the Borrower.
- 4.2 The Borrower must pay Gunns Finance interest:
- (a) on the Outstanding Balance from the Date of Advance, at the interest rate specified in Item 8 of the Schedule; and
 - (b) on any amounts due and payable but unpaid, at the default rate, being the interest rate plus the margin specified in Item 9 of the Schedule.
- 4.3 Interest will be calculated daily on the basis of a 365 day year and debited to the Borrower's loan account monthly.

5. Repayments

- 5.1 The Borrower agrees to repay the Loan, and pay interest and all other Outstanding Monies by paying to Gunns Finance:
- (a) the Repayment Amount on the Repayment Date of each month during the Term; and
 - (b) all other Outstanding Monies on the Final Repayment Date.
- 5.2 The Repayment Amount shall be payable to Gunns Finance monthly in arrears (or as specified in the Schedule). All amounts payable to Gunns Finance under this Loan Contract shall be payable by direct debit.
- 5.3 Any monies received by Gunns Finance from the Borrower may be applied by Gunns Finance in the payment or repayment of the Outstanding Monies at the discretion of Gunns Finance.
- 5.4 The Borrower must make all payments due under this deed without any set-off, counterclaim or condition, and without any deduction or withholding for any tax or any other reason, unless the Borrower is required to make a deduction or withholding by applicable law.

6. Prepayment

- 6.1 The Borrower may prepay the Outstanding Balance in whole or in part at any time.
- 6.2 In the event of an early repayment of some or all of the Outstanding Balance, a 'break fee' of \$400 will become immediately due and payable at the discretion of Gunns Finance.

7. Security

- 7.1 In consideration for the Loan, the Borrower, as beneficial owner:
- (a) conveys absolutely the Secured Property to Gunns Finance to secure the payment of the Outstanding Monies; and

- (b) agrees to comply with the Borrower's obligations under the Sub-Forestry Right Deed, Management Agreement and any other agreement which the Borrower is a party to with respect to the Project.
- 7.2 Once the Borrower has repaid the Outstanding Monies and if there is no outstanding Event of Default, the Borrower may require Gunns Finance to reconvey the Secured Property to the Borrower.
- 7.3 The Security is provided to Gunns Finance as continuing security for the performance of the Borrower's obligations under this Loan Contract including, but not limited to, payment of all Outstanding Monies. The Borrower cannot and must not deal or attempt or purport to deal with any of the Secured Property other than as contemplated by this Loan Contract.

8. Insurance

- 8.1 The Borrower may take out and maintain insurance over the Woodlots. Such insurance must:
- (a) be with a reputable insurer; and
 - (b) insure the Woodlots against the loss of crops on at least a full value basis.
- 8.2 The Borrower must have Gunns Finance's interest noted on the policy of insurance.
- 8.3 The Borrower must provide to Gunns Finance a copy of the policy of insurance and the renewal certificate for each year of the policy, within 14 days of the policy being taken out or renewed (as the case may be), until all Outstanding Monies are repaid in full.
- 8.4 If an event occurs or circumstance exists which gives rise to a potential claim against the insurance policy the Borrower must (unless otherwise agreed with Gunns Finance)

lodge a claim for the full amount recoverable and do all things necessary to ensure that the claim is successfully processed.

- 8.5 In the event that a claim is made against the policy of insurance the Borrower must satisfy all financial obligations relating to the Project from the proceeds of the claim, including the payment of all Outstanding Monies.

9. Project Participation

The Borrower acknowledges that:

- 9.1 its decision to participate in the Project, to apply for and borrow the Loan and to enter into the Project Documents has not been made by the Borrower in reliance on any statement, representation or conduct by Gunns Finance or Gunns Plantations Ltd including any statement, representation or conduct concerning the performance of the Project or the potential benefits, financial or otherwise, which may be available as a result of participation in the Project; and
- 9.2 it has taken such independent legal and financial advice from the adviser of its choice in connection with the Project Documents as it thinks fit, prior to executing this deed.

10. Representations and Warranties

- 10.1 The Borrower represents and warrants that:
- (a) it is not entering into this deed as a trustee of a trust unless it notifies Gunns Finance to the contrary prior to this Loan Contract being executed;
 - (b) it and each other Transaction Party (if any) has full power and authority to enter into and perform its obligations under this Loan Contract and the Security;
 - (c) the Project Documents are legal, valid and binding obligations of it and each other Transaction Party (if any) and, subject to

any necessary stamping and registration, are enforceable in accordance with their terms;

- (d) the execution, delivery and performance by it and each other Transaction Party (if any) of the Project Documents do not and will not violate, breach, or result in a contravention of any encumbrance or document which is binding upon any Transaction Party or on any of a Transaction Party's assets; and

- (e) all information, including financial information, provided to Gunns Finance in support of the Borrower's application for this Loan and in accordance with this Loan Contract are and will be complete, correct and not misleading and, in relation to financial information, represent a true and fair view of each Transaction Party's financial position.

10.2 The Borrower agrees that the representations and warranties in, or given under, this Loan Contract including, but not limited to, clause 10.1:

- (a) survive the execution of this Loan Contract; and
- (b) will be relied upon by Gunns Finance in entering this Loan Contract.

11. Undertakings

11.1 The Borrower undertakes to:

- (a) fully and punctually perform its obligations under the Project Documents;
- (b) immediately provide to Gunns Finance such information regarding the financial condition of any Transaction Party as and when Gunns Finance may reasonably request;
- (c) give notice to Gunns Finance, as soon as it becomes aware of any Event of Default occurring; and
- (d) if the Borrower is a trustee of a trust, to:

- i. exercise its right of indemnity from the trust fund and the beneficiaries of the trust in respect of any obligations incurred by it under any Project Document;
- ii. observe its obligations as trustee; and
- iii. cause any successor of the Borrower as trustee of the trust to execute such documents as Gunns Finance reasonably requires to ensure that this Loan Contract is binding on each such successor.

11.2 The Borrower's undertakings in this clause 11 continue in full force and effect from the date of this Loan Contract until the Outstanding Monies are finally paid to Gunns Finance.

12. Events Of Default

12.1 Upon the occurrence of an Event of Default the Outstanding Monies become immediately due and payable to Gunns Finance without the need for any demand or notice to be given and Gunns Finance may immediately and without notice exercise its rights under the Project Documents.

12.2 It is an Event of Default if, whether or not it is within the control of the Borrower:

- (a) any amount due and payable to Gunns Finance under any Project Document is not paid when due;
- (b) the Borrower fails to perform or observe any other undertaking, obligation or agreement expressed or implied in any Project Document and:
 - i. that failure is not, in the opinion of Gunns Finance, remediable; or
 - ii. if the failure is, in Gunns Finance's opinion, remediable, the failure is not remedied within 14 days after receipt by the Borrower of a notice from Gunns Finance specifying the failure;

- (c) any warranty, representation, acknowledgment or statement by a Transaction Party is or becomes false, misleading or incorrect when made or regarded as made by the Transaction Party under any Project Document or under any document contemplated by any Project Document;

- (d) any Insolvency Event occurs;

- (e) all or any part of any provision of any Project Document is or becomes illegal, void, voidable, unenforceable, able to be terminated, rescinded or avoided by a person or otherwise of limited force or effect;

- (f) any other change occurs in the financial position of a Transaction Party which, in the opinion of Gunns Finance, may have a Material Adverse Effect; or

- (g) there is an event of default, howsoever described, by a Transaction Party under a Project Document.

12.3 Without limiting Gunns Finance's rights under the conveyance created by clause 7.1, if the whole of the Outstanding Monies are not paid to Gunns Finance in accordance with this deed, Gunns Finance may:

- (a) exercise any of the rights and powers granted to it as transferee under the conveyance created by clause 7.1 under law and by statute;
- (b) exercise the rights, entitlements and interests of the Borrower in the Secured Property;
- (c) transfer the Secured Property or any part thereof including by way of sale, lease or licence on such terms as Gunns Finance thinks fit;
- (d) elect to retain the Secured Property for its own benefit;
- (e) recover the Outstanding Monies from the Borrower including by the institution of court proceedings; or

- (f) any combination of the foregoing.

12.4 Notwithstanding anything in this Loan Contract, Gunns Finance may not exercise its rights against the Borrower in a manner contrary to the provisions of section 302 of the Bankruptcy Act 1966 (Cth).

13. Tax, Costs And Expenses

13.1 The Borrower must on demand pay any tax (including, but not limited to, any goods and services tax or other like tax) in respect of the execution, delivery, performance, release, discharge, amendment, enforcement or attempted enforcement or otherwise in respect of any Transaction Document and any transaction contemplated under any Transaction Document.

13.2 The Borrower must on demand pay all costs and expenses of Gunns Finance, including legal and administrative costs and expenses on a full indemnity basis, in relation to:

- (a) the negotiation, preparation, execution, delivery, stamping, registration, completion, variation and discharge of any Project Document;
- (b) the enforcement, protection or waiver, or attempted or contemplated enforcement or protection, of any rights under any Project Document; and
- (c) the consent or approval of Gunns Finance given under any Project Document.

14. Indemnity

14.1 The Borrower indemnifies Gunns Finance against any claim, action, damage, loss, liability, cost, charge, expense, outgoing or payment which Gunns Finance pays, suffers, incurs or is liable for, in respect of any of the following:

- (a) the Loan not being made for any reason other than by reason of a default by Gunns Finance;

- (b) the occurrence of any Event of Default or potential Event of Default; and

- (c) Gunns Finance exercising its rights under a Project Document or otherwise upon or arising out of the occurrence of any Event of Default or potential Event of Default.

14.2 Any amount payable to Gunns Finance under this indemnity is payable on demand.

15. Attorney

In consideration of Gunns Finance entering into this Loan Contract and agreeing to provide the Loan to the Borrower, the Borrower irrevocably appoints Gunns Finance and each of its directors, employees and agents, severally, its attorney. Each attorney may, in the name of the Borrower or the attorney, do anything which the Borrower may lawfully authorise an attorney to do in relation to the Project Documents.

16. Assignment

16.1 The Borrower must not transfer or assign any of its rights or obligations under any Transaction Document without Gunns Finance's prior written consent which shall not be unreasonably withheld or delayed.

16.2 Gunns Finance may at any time assign any of its rights or transfer by novation any of its rights and obligations under any Transaction Document.

17. General

17.1 Any notice or other communication including, but not limited to, any request, demand, consent or approval, to or by a party to any Transaction Document:

- (a) must be in legible writing and in English addressed as referred to at the commencement of this Loan Contract or as specified to the sender by any party by notice;

(b) where the sender is a company, must be signed by an officer of, or under the common seal of, the sender;

(c) is regarded as being given by the sender and received by the addressee:

- i if by delivery in person, when delivered to the addressee;
- ii if by post, 3 Business Days from and including the date of postage to the address; or
- iii if by facsimile transmission, whether or not legibly received, upon production of a successful transmission report from the sender's facsimile machine, but if receipt is on a day which is not a Business Day or is after 4.00pm (addressee's time) it is regarded as received at 9.00 am on the following Business Day.

17.2 This deed is governed by the laws of Tasmania. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of Tasmania.

17.3 Any provision of, or the application of any provision of, any Project Document which is:

- (a) prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition; and
- (b) void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.

17.4 Waiver of any right arising from a breach of this Loan Contract or upon default under this Loan Contract or upon the occurrence of an Event of Default must be in writing and signed by the party granting the waiver. A failure or delay in exercise, or partial exercise, of such a right does not result in a waiver of that right.

17.5 A variation of any term of this Loan Contract must be in writing and signed by the parties.

17.6 Gunns Finance's rights under this Loan Contract are in addition to any other right, power, authority, discretion or remedy of Gunns Finance.

18. Release of Information

18.1 Gunns Finance may disclose the Borrower's personal information to the following entities:

- (a) credit reporting agencies and credit providers;
- (b) to Gunns Finance's bank to process your payment instructions, if any;
- (c) to Gunns Finance's legal, auditing or other professional advisors; or
- (d) Gunns Limited as Custodian for the scheme.

18.2 Gunns Finance may obtain from a credit reporting agency a credit report containing personal information about the Borrower and a credit report containing information about the Borrower's commercial credit activities.

18.3 Gunns Finance may disclose to a credit reporting agency personal information about the Borrower including information about the Borrower's identity and (if applicable) that:

- (a) the Borrower has applied for the Loan and the amount applied for;
- (b) Gunns Finance are currently administering the account;
- (c) the Borrower's repayments are overdue by more than 60 days, and Gunns Finance have started debt recovery proceedings;
- (d) the Borrower's repayments are no longer overdue;
- (e) the Borrower has drawn a cheque for \$100 or more which has been dishonoured more than once;

(f) in Gunns Finance's opinion, the Borrower has committed a serious infringement of the Loan Contract; or

(g) the Borrower's account has been repaid or otherwise terminated.

18.4 Gunns Finance may exchange information about the Borrower with any person who provides or has previously provided credit to the Borrower and any credit provider named in a credit report Gunns Finance may obtain (now or in the future) from a credit reporting agency.

18.5 Gunns Finance may exchange any information about creditworthiness, credit standing, credit history or credit capacity that credit providers are allowed to give or receive from each other under the Privacy Act or any other law.

18.6 The information may be exchanged for any of the following purposes:

- (a) to assess an application by the Borrower for credit;
- (b) to exchange information with other credit providers as to the status of accounts the Borrower may have with Gunns Finance, or them, where the Borrower is in breach under any loan;
- (c) to assess the Borrower's creditworthiness at any time during or after the life of an account; or
- (d) any other purpose permitted by law.

23.2 Guarantee and Indemnity Terms

1. Interpretation

The interpretation provisions in the Loan Contract apply as if they were part of this Guarantee.

2. Guarantee

The Guarantor unconditionally and irrevocably guarantees to Gunns Finance the payment of the Guaranteed Monies.

3. Indemnity

If any of the Guaranteed Monies are not recovered from the Debtor or are not recovered from the Guarantor on the footing of a guarantee, the Guarantor indemnifies Gunns Finance against any claim, action, damage, loss, liability, cost, charge, expense, outgoing or payment suffered, paid or incurred by Gunns Finance in relation to the non-payment or non-recovery of the Guaranteed Monies.

4. Payments

All payments which the Guarantor is required to make under this Guarantee must be made without any set off, counter claim, condition or deduction and are payable by the Guarantor on demand by Gunns Finance.

5. Certificate

A certificate signed by any secretary or director of Gunns Finance stating the amount payable under this Guarantee is prima facie evidence of that amount.

6. Continuing Obligation

The guarantee and indemnity contained in this Guarantee is a continuing obligation of the Guarantor, despite any settlement of account or the occurrence of any other thing and remains in full force and effect until all Guaranteed Monies and all other monies owing to Gunns Finance under this Guarantee, contingently or otherwise, have been paid in full.

7. Independent Obligation

The guarantee and indemnity contained in this Guarantee is a separate and independent obligation of the Guarantor and neither limits the generality of the other.

8. Avoidance of Payments

If any payment or other transaction relating to or affecting the

Guaranteed Monies is void, voidable or unenforceable in whole or in part or is claimed to be void, voidable or unenforceable and that claim is upheld, conceded or compromised in whole or in part:

- 8.1 the liability of the Guarantor under this Guarantee is the same as if that payment or transaction (or the void, voidable or unenforceable part of it) and any release, settlement or discharge made in reliance on any such payment or transaction had not been made; and
- 8.2 the Guarantor must immediately take all action and sign all documents required by Gunns Finance to restore to Gunns Finance the benefit of the liability of the Guarantor under this Guarantee in place immediately before the payment or transaction.

9. Unconditional Obligations

- 9.1 The obligations of the Guarantor under the Transaction Documents are principal obligations and are not released, discharged or otherwise affected by anything which, but for this provision might have that effect, including, but not limited to:
 - (a) the grant to any person of any time, waiver, covenant not to sue or other indulgence;
 - (b) the release (including without limitation a release as part of any novation) or discharge of any person;
 - (c) the cessation of the obligations, in whole or in part, of any person under any document or agreement;
 - (d) the liquidation of any person;
 - (e) any arrangement, composition or compromise entered into by Gunns Finance or any other person;
 - (f) any document or agreement being in whole or in part

illegal, void, voidable, avoided, unenforceable or otherwise of limited force or effect;

- (g) any extinguishment, failure, loss, release, discharge, abandonment, impairment, compound, composition or compromise, in whole or in part of any agreement;
- (h) any security being given to Gunns Finance by any person;
- (i) any alteration, amendment, variation, supplement to, or replacement of, any Transaction Document or other document or agreement;
- (j) any moratorium or other suspension of any right of Gunns Finance;
- (k) Gunns Finance or any receiver of attorney exercising or enforcing, delaying or refraining from exercising or enforcing, or being not entitled or unable to exercise or enforce any right of Gunns Finance;
- (l) Gunns Finance obtaining a judgment against any person for the payment of any of the Guaranteed Monies;
- (m) any transaction, agreement or arrangement that may take place with Gunns Finance or any other person;
- (n) any payment to Gunns Finance, including any payment which at the payment date or at any time after the payment date is, in whole or in part, illegal, void, voidable, avoided or unenforceable;
- (o) any failure to give effective notice to any person of any default under any Transaction Document or other document or agreement;
- (p) any legal limitation, disability or incapacity (through insanity, ill health, injury or otherwise) of any person;

- (q) any breach of any Transaction Document or other document or agreement;
 - (r) the acceptance of the repudiation of, or termination of, any Transaction Document or other document or agreement;
 - (s) the Guaranteed Monies being irrecoverable for any reason;
 - (t) any disclaimer by any person of any Transaction Document or other document or agreement;
 - (u) any assignment, novation, assumption or transfer of, or other dealing with, any rights or obligations under any Transaction Document or other document or agreement;
 - (v) the opening of a new account of the Debtor with Gunns Finance or any transaction relating to the new account;
 - (w) any prejudice to any person as a result of any thing done, or omitted by Gunns Finance or any receiver or attorney of Gunns Finance or other person, or any failure or neglect by Gunns Finance or any receiver or attorney of Gunns Finance or other person to recover the Guaranteed Monies or any other thing;
 - (x) the receipt by Gunns Finance of any dividend, distribution or other payment in respect of any liquidation;
 - (y) any increase in the amount of the Guaranteed Monies; or
 - (z) any other act, omission, matter or thing whatsoever whether negligent or not.
- 9.2 Clause 9.1 applies irrespective of the consent or knowledge, or lack of consent or knowledge, of Gunns Finance, the Guarantor or any other person of any event described in clause 9.1.

10. No Competition

- 10.1 Until this deed is discharged, the Guarantor is not entitled, and must not attempt or purport, to:

- (a) be subrogated to Gunns Finance;
- (b) claim or receive the benefit of any document or agreement of which Gunns Finance has the benefit, any monies held by Gunns Finance or any other rights of Gunns Finance;
- (c) either directly or indirectly prove in, claim or receive the benefit of any distribution, dividend or payment arising out of or relating to the liquidation of the Debtor (other than in accordance with clause 10(b)); or
- (d) make a claim or exercise or enforce any right, power or remedy (including by way of contribution) against the Debtor.

10.2 If required by Gunns Finance, the Guarantor must prove in any liquidation of the Debtor for all monies owed to the Guarantor and all monies recovered by the Guarantor must be received and held in trust by the Guarantor for Gunns Finance to the extent of the unsatisfied liability of the Guarantor under this deed.

11. Independent Legal and Financial Advice

The Guarantor acknowledges that before signing Part E – Guarantee and Indemnity of the Finance Application of this PDS (Section 26.2) the Guarantor:

- 11.1 was advised by Gunns Finance to consult and receive advice as to the purport, effect and consequences of, and obligations created by, the Transaction Documents from a solicitor or barrister and from a financial adviser independent of Gunns Finance and the Debtor; and
- 11.2 was aware of and fully understood the purport, effect and consequences of, and accepted the financial risks of, and the obligations created by, the Transaction Documents.

12. Acknowledgement

The Guarantor acknowledges that it has not entered into this Guarantee or any Transaction Document in reliance on any representation, warranty, promise or statement of Gunns Finance or of any person on behalf of Gunns Finance.

13. Interest

13.1 The interest provisions in clause 4.3(b) of the Loan Contract apply to monies payable under this Guarantee as if they were part of this Guarantee and referred to monies payable under this Guarantee.

13.2 Interest payable under clause 13.1:

- (a) accrues from day to day from and including the due date for payment to the actual date of payment, before and, as an additional obligation, after any judgment, decree or order into which the liability to pay any amount under this Guarantee becomes merged; and
- (b) may be capitalised by Gunns Finance at monthly intervals.

13.3 The rate of interest payable under this clause 13 is the higher of:

- (a) the rate specified in a clause 4.3(b) of the Loan Contract; and
- (b) the rate fixed or payable under a judgment, decree or order referred to in clause 13.2(a).

14. Notices

The notice provisions set out in clause 17.1 of the Loan Contract apply as if they were part of this deed.

15. Costs and Expenses

The Guarantor must pay all taxes, duties, fees, costs and expenses in relation to the negotiation, preparation, execution, delivery, stamping, registration and discharge of this Guarantee and the enforcement or protection or attempted or contemplated enforcement or protection of any

rights or powers of Gunns Finance under this Guarantee, including, but not limited to, any legal costs and expenses and any professional consultant's fees in respect of any of the above on a full indemnity basis.

16. Governing Law and Jurisdiction

16.1 This deed is governed by the laws of Tasmania and the Guarantor irrevocably submits to the non-exclusive jurisdiction of the courts of Tasmania.

16.2 The Guarantor irrevocably waives any objection to the venue of any legal process on the basis that the process has been brought in an inconvenient forum and any immunity in respect of its obligations under this Guarantee that it may acquire from the jurisdiction of any court or any legal process for any reason.

17. Prohibition & Enforceability

17.1 Any provision of, or the application of any provision of, this Guarantee which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.

17.2 Any provision of, or the application of any provision of, this Guarantee which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.

18. Waivers

Waiver of any right, power, authority, discretion or remedy arising upon default under this Guarantee must be in writing and signed by the party granting the waiver.

19. Cumulative Rights

The rights, powers and remedies provided in this Guarantee are cumulative and are not exclusive of any rights, powers or remedies provided by law.

23.3 Gunns Finance Pty Ltd - Client Services Agreement

Drawing arrangements:

We will advise you, in writing, the details of the Gunns Finance drawing arrangements [amount; frequency; commencement date] at least fourteen calendar days prior to the first drawing. Where the due date falls on a non business day, we will draw the amount on the last business day of the month.

We will not change the amount or frequency of drawings arrangements without your prior approval. If we propose to vary the direct debit we will give you not less than 14 days notice. If a drawing arrangement is returned unpaid by your financial institution you will be liable to pay to us a fee of \$10.00.

We reserve the right to cancel the Gunns Finance drawing arrangements if three or more drawings are returned unpaid by your nominated financial institution and to arrange with you an alternate payment method.

We will keep all information pertaining to your nominated account at the financial institution, private and confidential except where disclosure of certain information to your financial institution is necessary to enable us to act in accordance with your drawing arrangements or to deal with any alleged incorrect or wrongful debit.

Your rights:

You may terminate the Gunns Finance drawing arrangements at any time by giving written notice to us. Such notice should be received by us at least five business days prior to the due date.

You may stop payment of a drawing under the Gunns Finance drawing arrangements by giving written notice to us or your financial institution. Such notice should be received by us at least five business days prior to the due date.

You may request change to the drawing amount and/or frequency of GPL drawings by contacting us and advising your requirements no less than five business days prior to the due date.

Where you consider that a drawing has been initiated incorrectly [outside the GPL arrangements] you should take the matter up directly with us or the nominated financial institution. Our contact phone number is (03) 6335 5290.

Your responsibilities:

It is your responsibility to ensure that the nominated account can accept direct debits (direct debiting may not be available on all accounts - please check with your financial institution).

It is your responsibility to ensure that sufficient funds or credit capacity are available in the nominated account to meet a drawing on its due date.

Where the due date falls on a non business day we will draw the amount on the last business day of the month. If you wish to confirm the precise date on which your debit will be processed you should contact your nominated financial institution.

It is your responsibility to pay to us any fee or charge we may incur as a result of a drawing not being accepted by your financial institution.

It is your responsibility to ensure that the authorisation given to draw on the nominated account is identical to the account signing instruction held by the financial institution where the account is based.

It is your responsibility to advise us if the account nominated by you changes.

It is your responsibility to arrange with us a suitable alternate payment method if the Gunns Finance drawing arrangements are cancelled either by yourselves or the nominated financial institution.

Anti-Money Laundering and Counter Terrorism Financing

The Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) Act

In 2006, the Federal Government enacted the Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) Act 2006.

Money laundering is the processing of criminal profits to disguise their illegal origin.

Terrorism financing includes the financing of terrorist acts, terrorists and terrorist organisations.

The AML/CTF Act requires businesses that provide certain financial services to identify their customers before providing a service and to report any suspicious transactions. These new laws have been implemented to improve Australia's existing systems and follow trends in developing international security standards. The new laws will make it harder for criminals to use the proceeds of crime and terrorists to receive money to carry out terrorist acts.

Gunns Plantations Ltd's AML/CTF Obligations

GPL is a 'reporting entity' under the AML/CTF Act and as such must enforce strict customer identification procedures on a risk based approach. This means that prior to interests in the Project being issued, GPL must carry out a procedure to verify a customer's identity before providing the designated service (i.e. issuing woodlots).

Investors' AML/CTF Obligations

When applying for a new product/s, individuals need to provide certified verification information to their financial adviser or GPL. This could be in the form of a certified copy of a passport or driver's licence.

For non-individuals such as companies and trusts, additional information will be required such as certified copies of an ASIC certificate of registration or trust deed. Please refer below for the required identification and verification material for AML/CTF purposes.

What are "certified copies"?

Certified copies of documents, for AML/CTF purposes, are copies of original documents stamped or verified by specifically authorised people. Please follow the instructions below when obtaining the certified copies of your identification documentation.

AML/CTF Identification and Verification Documentation

If you are investing directly with GPL instead of through a financial planner, adviser or via an authorised representative, you will need to provide the documentation to GPL. If you are investing through a financial planner, adviser or via an authorised representative, the financial planner, adviser or via an authorised representative will advise you of who to provide the documentation to.

You will need to provide the following identification and verification material for AML/CTF purposes:

Individuals

Please provide a **certified** copy of:

- an Australian driver's licence that contains a photograph of the licence/permit holder; or
- an Australian passport; or
- a foreign passport or similar travel document containing a photograph and the signature of the person, or
- a birth certificate plus an original rates notice, or
- an Australian citizenship certificate plus an original Australian Taxation Office assessment notice.

Companies

Full company search of the ASIC database showing:

- the ACN issued to the company;
- the full address of the registered office of the company;
- the full address of the principal place of business of the company;
- whether the company is registered as a proprietary or a public company;
- the names of each director of the company;
- the shareholders of the company; and
- if the company is a regulated company, a search of the licence or other Commonwealth, state or territory statutory regulator.

Trusts and Superannuation Funds

Please provide the original Trust Deed or certified extract confirming:

- the full business name of the trustee in respect of the trust, the type of trust and the name of the trustees;
- the name and address of each beneficiary of class of beneficiary in respect to the trust;
- for each trustee which is an individual, please also provide the documentation required for individuals (above); or
- for each trustee which is a company, please also provide the documentation required for companies (above).

Partnerships

Please provide:

- documentation required for individuals (above) for each one of the partners.
- a certified copy or certified extract of the partnership agreement; or
- a certified copy of an extract of minutes of a partnership meeting;
- the full name and residential address of each partner in the partnership; and
- documentation evidencing the full names of the partnership (where relevant) and the country in which the partnership was established.

Document Certification

To have documents certified, please take the original documents and photocopies to any one of the following persons for him/her to certify that they are true and correct copies of the originals:

- a justice of the peace or bail justice;
- a barrister or solicitor of the Supreme Court;
- a judge or a magistrate;
- a chief executive officer of a Commonwealth court;
- a registered/deputy registrar of a court;
- a public notary;
- a police officer;
- a permanent employee of Australia Post with two or more years of continuous service who is employed in an office supplying postal services to the public;
- an agent of Australia Post who is in charge of an office supplying postal services to the public;
- an Australian diplomatic or consular officer;
- an officer with two or more continuous years of service with one or more financial institutions;
- a finance company officer with two or more continuous years of service with one or more finance companies;
- an officer or authorised representative that holds an Australian Financial Services Licence and has two or more continuous years of service with one or more licences;

- a member of:

- the Institute of Chartered Accountants in Australia;
- CPA Australia; and
- the National Institute of Accountants;

with two or more years continuous membership.

Certification must include the name, address, type of authority and telephone number of certifying authority.

Faxed copies of certified documents do not comply with our identification requirements and are not acceptable.

Important Privacy Information

GPL will store all information collected securely in accordance with the AML/CTF Act and the Privacy Act 1988 (Privacy Act). The Privacy Act covers the collection, use, disclosure, quality and security of personal information. You can view our privacy statement on www.gunns.com.au/plantations.

Further information...

For more information, you can refer to the anti-money laundering section of the Australian Attorney General's website (www.ag.gov.au), or contact the Australian Transaction Reports and Analysis Centre (AUSTRAC) via their website (www.austrac.gov.au), or phone their helpdesk on 1300 021 037.

Glossary

The following definitions apply throughout the pds unless the context otherwise requires:

AFS

Australian Forestry Standard.

Agreement to grant a Sub-Forestry Right

The agreement whereby GPL shall, in respect of the Grower, prepare and execute a Sub-Forestry Right Deed as soon as reasonably practicable after an application is accepted.

AML/CTF

Anti-Money Laundering and Counter Terrorism Financing, as explained at Section 24 of this PDS.

Application Fee

The upfront fee payable in respect of each Woodlot applied for under this PDS.

Application and Power of Attorney Form

The Application and Power of Attorney Form attached to this PDS.

Application Money

Collectively, Application Fees paid by Applicants to the Custodian in accordance with this PDS.

ASIC

Australian Securities and Investment Commission.

ATO

Australian Taxation Office.

Baseline Pruning Fees

The baseline pruning fees payable under the Management Agreement and set out in Section 21.2 of this PDS.

Blended Option

The Blended Option is a fixed ratio of Planting Options as described in Section 9.

Borrower

The Borrower is the Applicant or Applicants named in Part A of the Finance Application of this PDS (Section 26.2).

Business Day

Business Day means a day on which banks are open for business in Launceston, Tasmania and Sydney, New South Wales except a Saturday, Sunday or public holiday.

Carbon Rights Commission

The Carbon Rights Commission payable by the Grower to GPL in accordance with the Management Agreement, which will amount to 50% of the Carbon Rights Proceeds.

Carbon Rights Proceeds

The proceeds of the commercial exploitation of carbon rights as set out in the Management Agreement.

Constitution

The constitution governing the Project as a managed investment scheme and executed on 6 February 2009.

Contributing Grower

A Grower who has had trees Harvested in respect of their Woodlot in accordance with the Management Agreement.

Corporations Act

Corporations Act 2001 (Cth).

CPI

The Consumer Price Index (all groups, all capital cities) compiled by the Australian Bureau of Statistics.

Credit Amount

The Credit Amount is the Investment Amount less the Deposit.

Custodian

Gunns Limited.

Custody Agreement

The agreement between Gunns Plantations Limited and Gunns Limited appointing Gunns Limited as Custodian for the Project.

Date of Advance

The date on which the Loan Contract commences in accordance with clause 2.2 of the Loan Contract.

Debtor

The person(s) named at Item B of Part E in the Finance Application of this PDS (Section 26.2).

Deposit

The amount specified at Item 3 of the Schedule;

Developed Area

A discrete geographical plantation area that is managed under the same silvicultural regime and is in the same age class.

Draft Wood Sale Agreement

The draft agreement that will form the basis of any future agreement between GPL and a purchaser for the purchase of harvested wood set out in schedule 2 to the Management Agreement.

Establishment Fee

The Establishment Fee payable under the Management Agreement to cover plantation establishment services.

Event of Default

An Event of Default is any event specified in clause 12 of the Loan Contract.

Fees

The Sales Commission, Maintenance Fee and Rental Fee that will together comprise 16.5% of Wood Sale Proceeds (inclusive of GST).

Final Repayment Date

The last day of the Term.

Finance Application

Section 26.2 of this PDS.

Forestry Right

The right to establish, plant, tend, maintain and harvest trees.

Forestry Right Deed

An agreement between Gunns and GPL for the grant of a Forestry Right to GPL for the Project.

GPL

Gunns Plantations Limited
(ABN: 36 091 232 209).

Gross Proceeds

The total proceeds from the sale of harvested wood and carbon rights. Goods and services tax or other value added tax.

Grower

A person who has been allocated a Woodlot.

Guarantee

The guarantee and indemnity provided by the Guarantor to Gunns Finance as security for the Borrower's obligations in accordance with Section 23.2 of this PDS.

Guaranteed Monies

All debts and monetary liabilities of the Debtor owing to Gunns Finance under or in relation to the Loan Contract, and in any capacity irrespective of whether the debts or liabilities:

- (a) are present or future;
- (b) are actual, prospective, contingent or otherwise;
- (c) are at any time ascertained or unascertained;
- (d) are owed or incurred by or on account of the Debtor alone, or severally or jointly with any other person;

- (e) are owed or incurred to or for the account of Gunns Finance alone, or severally or jointly with any other person;
- (f) are owed or incurred as principal, interest, fees, charges, taxes, duties or other imposts, damages (whether for breach of contract or tort or incurred on any other ground), losses, costs or expenses, or on any other account;
- (g) are owed or incurred to or for the account of any successor or assignee of Gunns Finance; or
- (h) comprise any combination of the above.

Guarantor

The person(s) named at Item A of Part E in the Finance Application of this PDS (Section 26.2).

Gunns

Gunns Limited (ABN: 29 009 478 148).

Gunns Finance

Gunns Finance Pty Ltd
(ABN 58 091 861 700).

Harvest Plan

The plan for the harvesting of the trees and the delivery of the wood under the Draft Wood Sale Agreement.

Independent Forester

Van Diemen Forestry Consultants Pty Ltd or other forester appointed from time to time by the Manager.

Insolvency Event

The liquidation of a Transaction Party, or the occurrence of any step to effect the liquidation of a Transaction Party including the making of any relevant petition or order.

Investor

Investor means a person applying for entry into the Project as a Grower.

Investment Amount

The amount specified at Item 1 of the Schedule;

Loan

The Credit Amount plus the Loan Establishment Fee, as specified in Item 5 of the Schedule, that may be made available by Gunns Finance to the Borrower in accordance with the Loan Contract.

Loan Contract

This agreement entered into between the Borrower and Gunns Finance on the terms set out in Section 23.1 of this PDS.

Loan Establishment Fee

A loan establishment fee of \$150 + 0.4% of the loan amount as specified at Item 4 of the Schedule.

Maintenance Fee

The maintenance fee payable under the Management Agreement, which will amount to 8.8% of the Wood Sale Proceeds (inclusive of GST).

Manager

Gunns Plantations Limited (ABN: 36 091 232 209).

Management Agreement

The management agreement between Gunns Plantations Limited and a Grower appointing Gunns Plantations Limited as Manager of a Woodlot.

Material Adverse Effect

A material adverse effect upon a Transaction Party's ability to perform any of its obligations under any Project Document.

Member

A person who has paid their Application Money and whose application to participate in the Project has been accepted by the Responsible Entity and includes a Grower unless otherwise specified.

Net Proceeds

The amount payable to a Grower out of the gross proceeds after deducting the Fees and other relevant costs.

Option 1

The 13 year Eucalyptus pulp wood Planting Option.

Option 2

The 20 year Eucalyptus pulp wood and veneer Planting Option.

Option 3

The 25 year Radiata Pine pulp wood and sawlog Planting Option.

Outstanding Balance

That part of the Loan that remains outstanding from time to time.

Outstanding Monies

All debts and monetary liabilities of the Borrower to Gunns Finance under or in relation to any Project Document and in any capacity.

Participation

The Borrower's interest in the Project.

PDS

This Product Disclosure Statement.

Planting Option(s)

The planting options on offer under this PDS as described in Section 9.

Product Ruling

The Australian Taxation Office (ATO) has issued the following Product Rulings in relation to this Project: PR 2008/66, PR 2008/66A, PR 2008/67, PR 2008/67A, PR 2008/68, PR 2008/68A, PR 2008/69 and PR 2008/69A.

Project

The GPL Woodlot Project 2009 (ARSN 135 490 292).

Project Document

Project Document means the Constitution, Loan Contract, Guarantee, Management Agreement, Sub-Forestry Right Deed and the Draft Wood Sale Agreement, and any document and agreement entered into or given under any of them.

Repayment Amount

The monthly payment amount specified in Item 6 of the Schedule.

Repayment Date

The date specified in Item 7 of the Schedule.

Responsible Entity

Gunns Plantations Limited.

Rental Fee

The rental fee payable under the Sub-Forestry Right Deed, which will amount to 5.5% of the Wood Sale Proceeds (inclusive of GST).

Sales Commission

The sales commission payable by the Grower to GPL in accordance with the Management Agreement, which will amount to 2.2% of the Wood Sale Proceeds (inclusive of GST).

Schedule

The Loan Schedule contained in Part B in the Finance Application of this PDS (Section 26.2).

Security

The conveyance created under clause 7 of the Loan Contract contained in Section 23.

Secured Property

The rights, entitlements and interests of the Borrower under, arising from or otherwise in relation to Project Documents.

Stumpage

Stumpage is the value that a purchaser pays the owner for trees

sold as a standing crop. It excludes harvesting and cartage costs that are generally borne by the buyer.

Sub-Forestry Right Deed

The agreement between Gunns Plantations Limited and a Grower for the grant of a Forestry Right.

Term

The term specified in Item 2 of the Schedule commencing on the Date of Advance.

Transaction Document

Transaction Document means the Loan Contract and any document or agreement entered into or given under it.

Transaction Party

Each Borrower and each Guarantor (if any).

Woodlot

A parcel of land of approximately one hectare over which a forestry right is offered under this PDS and forming part of the Project.

Wood Sale Proceeds

The proceeds derived from a sale of wood, whether as a result of commercial thinning, final harvest or otherwise.

Year

A period from 1 July to 30 June referenced as follows:

- (a) for Year 0, the financial year in which the Grower's application is accepted;
- (b) for Year 1, the financial year following the year in which the Grower's application is accepted; and
- (c) for Year 2 and subsequent years, the relevant number of years following the year in which the Grower's application is accepted.

Instructions to Applicants

1. Applicants may apply to GPL for an interest in the managed investment being issued by GPL under this PDS by completing the Application and Power of Attorney Form.
2. Applicants should read the PDS in its entirety before completing the Application and Power of Attorney Form.
3. Applicants should read the Application and Power of Attorney Form carefully and ensure that all information requested has been provided.
4. The Application and Power of Attorney Form is part of the PDS and must not be circulated separately from the PDS.
5. The Application and Power of Attorney Form:
 - (i) must be signed Personally or by the applicant's authorised attorney; or
 - (ii) where the application is by a company, must be executed under common seal (if applicable) or in accordance with the requirements of the Corporations Act.
6. Acceptance of Applications for Woodlots is subject to the discretion of the Directors of GPL.
7. Investors are required to provide CERTIFIED copies of identification documents under the federal government's AML/CTF regime to either your licensed financial adviser or GPL (refer to Section 24 of this PDS);
8. Applicants may apply to fund their investment through Gunns Finance Pty Ltd Please refer to Section 23 of this PDS.
9. Applicants must be over 18 years of age.
10. When lodging the application form with GPL you must:
 - (i) complete it using a blue or black pen;
 - (ii) write legibly;
 - (iii) ensure your witness inserts their full name, residential address and occupation;
 - (iv) provide all certified documentation required to be provided under the AML/CTF regime (refer Section 24 of this PDS);
 - (v) proof of income as per the Gunns Finance loan application (if applicable);
 - (vi) return the original signed documents to GPL. Facsimiles or photocopies of signatures will NOT be accepted;
 - (vii) initial any alteration, ensuring that the alteration is only made by crossing out the words to be changed and not by obscuring the words by using correction fluid for example; and
 - (viii) ensure the Application and Power of Attorney form (including payment details) is completed in full. GPL reserves the right to refuse any application where you have not followed the above steps when completing the application form and the power of attorney.
11. Cheques for Application Fees should be made payable to "Gunns Limited – GPL Woodlot Project 2009", crossed "Not Negotiable" and sent together with the completed Application and Power of Attorney Form to:

Gunns Plantations Ltd
PO Box 572
Launceston, Tasmania, 7250

Correct Forms of Registrable Name

Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Manager. At least one full given name and surname is required for each natural person. The name of the beneficial or any other non-registrable name may be included by way of a fund or trust designation if completed exactly as described in the examples or correct forms of registrable names below.

Type of Joint Ownership

Joint holdings will be deemed to be joint tenants unless GPL are specifically notified otherwise in writing by both applicants. With a joint tenancy, on the death of one joint holder, ownership of the Woodlot automatically passes to the surviving joint holder.

Type of Investor	Correct Form	Example
Individual	Use given names in full, not initials	Mr John David Citizen
Company	Use the company's full title, not abbreviations	John Citizen Pty Ltd, ACN: xxx xxx xxx
Joint Holdings	Use full and complete names	Mr John David Citizen & Miss Jane Mary Citizen
Partnership	Use partners' personal names	Mr John David Citizen & Miss Jane Mary Citizen
Superannuation Funds	Use the name of the trustee(s) of the fund	John Citizen Pty Ltd as trustee of ←Super Fund a/c→
Trusts	Use the trustee(s) company name or personal name(s)	Mr John David Citizen or Citizen Super Fund as trustee of ←name of trust→

When completing the Application and Power of Attorney Form, any mistakes are to be crossed out and initialled. No correction fluid is to be used.

Application Section

Application Checklist

App No.: _____

File No.: _____

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Page _____ of _____

Before completing and signing this woodlot application form, please refer to the below checklist to ensure your application is completed correctly and that all required documents are provided to us.

Any mistakes in the application form are to be crossed out and initialled. NO CORRECTION FLUID TO BE USED.

For applications paid in full

Section 26.1

- ☐ Application and Power of Attorney Form
- ☐ Payment Details Form
- ☐ A cheque or credit card details in payment of the full amount of the application monies
- ☐ AML/CTF Identification & Verification details

For applications to enter into the 12 months interest free loan with Gunns Finance

Section 26.1

- ☐ Application and Power of Attorney Form
- ☐ Payment Details Form
- ☐ AML/CTF Identification and Verification details

Section 26.2

- ☐ Part A - Applicant Details

Individual / Joint Individuals Applications	Item 1 Item 4
Company Applications	Item 2 Item 4
Trust Applications	Item 1 (Individual Trustees) or Item 2 (Corporate Trustees) as appropriate Item 3 Item 3.1 and full copy of Trust Deed Item 4

- ☐ Part B - Loan Schedule
- ☐ Part C - Direct Debit Authority
- ☐ Part D - Parties' Acknowledgements
- ☐ Part E - Guarantor Details - **Compulsory for both Company and Trust Applications**
- ☐ Proof of Income - **Compulsory for both Applicants and Guarantors**

For applications to enter into principal and interest finance with Gunns Finance

Section 26.1

- ☐ Application and Power of Attorney Form
- ☐ Payment Details Form
- ☐ AML/CTF Identification and Verification details

Section 26.2

- ☐ Part A - Applicant Details

Individual / Joint Individuals Applications	Item 1 Item 4
Company Applications	Item 2 Item 4
Trust Applications	Item 1 (Individual Trustees) or Item 2 (Corporate Trustees) as appropriate Item 3 Item 3.1 and full copy of Trust Deed Item 4

- ☐ Part B - Loan Schedule
- ☐ Part C - Direct Debit Authority
- ☐ Part D - Parties' Acknowledgements
- ☐ Part E - Guarantor Details - **Compulsory for both Company and Trust Applications**
- ☐ Proof of Income - **Compulsory for both Applicants and Guarantors**

IMPORTANT: Applications may be refused or processing delayed if documentation provided is incomplete

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Page _____	of _____

App No.: _____
File No.: _____

Dealers Stamp / Adviser Name / Number:

Wealth Focus Pty Ltd
PO Box 760
Manly
NSW 1655
Tel: 1300 559 869

Application & Power of Attorney Form

This application form relates to the Gunns Plantations Ltd Woodlot Project 2009 dated 8 April 2009. The PDS includes detailed information about the investment being offered and you should read it in its entirety before deciding to invest. The offer is available to Australian residents. The Corporations Act prohibits this application form being passed on to another person unless that other person is also given access to the PDS and any Supplementary PDS. While this PDS is current, GPL will send paper copies of the PDS, any Supplementary PDS and the application form, on request and without charge. Send your completed Application and Power of Attorney Form to: **Gunns Plantations Limited, PO Box 588, Launceston TAS 7250**

1. Applicant's Details

Joint holdings will be deemed to be joint tenants unless GPL are specifically notified otherwise in writing by both applicants.

Title:	Applicant – Surname:	First Names:	D.O.B.:
Title:	Joint Applicant – Surname:	First Names:	D.O.B.:
Company Name/Trust/Super funds:			ABN:
Residential/Registered Address:			
City/Suburb:		State:	Post Code:
Mailing Address:			
City/Suburb:		State:	Post Code:
Telephone – Bus:	Home:	Mobile:	
Email:			

2. Woodlots Applied For (refer to Section 9 for details)

Planting Option 1 - Eucalyptus Pulp wood	No. of Woodlots:		x \$7,480 =	\$
Planting Option 2 - Eucalyptus Veneer & Pulp wood	No. of Woodlots:	N/A	x \$7,480 =	Not currently available
Planting Option 3 - Radiata Pine Sawlog & Pulp wood	No. of Woodlots:		x \$7,480 =	\$
Blended Option (two Option 1 Woodlots, one Option 2 Woodlot and one Option 3 Woodlot, including a 5% discount)	No. of Units:		x \$28,424 =	\$
			Total =	\$

3. Signing

By signing this Application and Power of Attorney Form you agree to be bound by the Constitution and irrevocably appoint GPL as your attorney in accordance with the terms and conditions of the Power of Attorney on the reverse side of this form. (Please sign where appropriate).

Executed as a Deed on / / (insert date)

Individual – Signed, Sealed and Delivered

Applicants Signature:		Joint Applicants Signature:	
Witness Signature:		Witness Signature:	
Witness Name:		Witness Name:	

Company – Executed in accordance with the company's constitution (if a director of a single director company, please attach supporting documentation and witness signature and details)

Are you the sole Director (please tick)? Yes ☐ No ☐

Director Signature:		Director/ Secretary Signature:	
Full Name (please print):		Full Name (please print):	

(Common seal affixed as required)

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Power of Attorney:
Registered:
/ /

OFFICE USE ONLY

4. Power of Attorney

By this deed, I/we, the person(s) named in the "Applicant's Details" section above (Applicant) irrevocably appoint Gunns Plantations Limited ABN 36 091 232 209 (Attorney) to be my/our attorney on the terms and conditions set out below.

The Attorney is empowered to:

- (a) execute under hand or under seal and deliver (which delivery may be conditional or unconditional) the Agreement to Grant a Sub-Forestry Right, Sub-Forestry Right Deed and Management Agreement (each an Approved Document) in a form and of substance as the Attorney thinks fit, including executing each Approved Document electronically;
- (b) complete any blanks in an Approved Document;
- (c) amend or vary an Approved Document as the Attorney thinks fit (including but not limited to, amending or varying the parties), and execute under hand or seal and deliver (which delivery may be conditional or unconditional) any document which effects or evidences the amendment or variation;
- (d) do any thing which in the opinion of the Attorney is necessary, expedient or incidental to or in any way relates to:
 - (1) any document referred to in paragraphs (a) and (c); or
 - (2) any transaction contemplated by any document referred to in paragraphs (a) and (c);
- (e) do any thing which ought to be done by the Applicant under any Approved Document to which it is a party;
- (f) complete, execute and lodge all documents and instruments which are necessary or appropriate to register any security taken over the Applicant's Woodlots;
- (g) do any other thing (whether or not of the same kind as the above) that in the opinion of the Attorney is necessary, expedient or desirable to give effect to the provisions of this Power of Attorney; and
- (h) authorise an officer of the Attorney to perform any of the above actions that the Attorney is empowered to perform under paragraphs (a) to (g) of this Power of Attorney.

Terms and Conditions of Power of Attorney

By granting the Power of Attorney to Gunns Plantations Limited you do so on the following terms and conditions:

- (1) The Attorney may exercise the powers of the Attorney under this deed in the name of the Applicant or in the name of the Attorney and as the act of the Applicant.
- (2) The Attorney may exercise the powers of the Attorney under this deed even if the Attorney benefits from the exercise of that power.
- (3) The Applicant undertakes to ratify and confirm any act of the Attorney in exercise of the powers of the Attorney under this deed including any act done between the time of the revocation of this Power of Attorney and the time of the revocation becoming known to the Attorney.
- (4) The Attorney may, at any time, appoint or remove any substitute or delegate or sub-attorney.
- (5) The exercise by the Attorney of any power under this deed does not connote:
 - (a) a warranty, express or implied, on the part of the Attorney as to:
 - (i) the Attorney's authority to exercise the power; or
 - (ii) the validity of this deed; or
 - (b) an assumption of personal liability by the Attorney in exercising the power.
- (6) The Applicant indemnifies the Attorney against all claims, demands, losses, damages, costs and expenses however suffered or incurred by the Attorney in registering or stamping of this deed or in respect of the exercise of any of the powers of the Attorney under this deed except in the event of gross neglect, fraud or wilful default by the Attorney.
- (7) The Applicant is responsible for the cost of registering and stamping of this deed in all jurisdictions in which it must be registered and stamped to ensure its enforceability and validity for the purposes of this deed.
- (8) This Power of Attorney is irrevocable until the expiration of the relevant Project under the Constitution.
- (9) A word or expression defined in the Constitution has the same meaning in this deed.
- (10) This deed is governed by and construed in accordance with the law of the State of Tasmania.

Payment Details

Refer to our Finance Summary at www.gunns.com.au/plantations

1. Payment Options

Total investment Amount:
(No. of Woodlots x \$7,480 +
No. of Blended Options x \$28,424)

Initial Payment Required:

Finance Required: **(A less B)**

Establishment Fee: **(C x .004) + \$150**

Total Loan Amount: **(C + D)**

	FULLY PAID	12 MONTHS INTEREST FREE LOAN FROM GUNNS FINANCE PTY LTD	P & I FINANCE FROM GUNNS FINANCE PTY LTD
A	\$	\$	\$
B	100% of Investment Amount \$	N/A	N/A
C	N/A	100% of Investment Amount \$	100% of Investment Amount \$
D	N/A	(C x .004) + \$150 \$	(C x .004) + \$150 \$
E	N/A	(C + D) \$	(C + D) \$

2. Method of Initial Payment

Amount of Initial Payment: (refer to Item B above)

\$

Please select your preferred method of payment:

Please accept my payment via:

☐ **Cheque Payment** (please make cheque payable to "Gunns Plantations Limited – Woodlot Project 2009)

----- OR -----

☐ **Credit Card** (Note: GPL only accepts the credit cards shown below)

Please Debit My: ☐ Mastercard ☐ Visa Card

Card Number:

Expiry Date: /

Card Holders Name: Contact Phone No.:

Signature: Date:

----- OR -----

☐ **Direct Debit**

Name of Financial Institution:

BSB: Account Number:

Account Name: Contact Phone No.:

Account Holder's Signature: Date:

3. Tamar Ridge Gold Club Membership

Tamar Ridge invites the investor to join its exclusive investors wine club, offering generous savings on the recommended retail prices of a selection of wines within the Tamar Ridge Estate portfolio.

Would you like us to send you a Tamar Ridge Gold Club Membership Form (please tick)? Yes ☐ No ☐

Anti-Money Laundering and Counter-Terrorism Financing – ID Verification

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Page of

Gunns Plantations Ltd (GPL) is obliged to comply with the requirements of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act). In order to comply with this new legislation aimed at the prevention of money laundering and terrorism financing, investors may be required to provide identification and verification documents at the time of investing into GPL's managed investment schemes. Please refer to the table below to ascertain the identification and verification documents required. Refer to Section 24 for more information.

Are you lodging this application through a financial adviser?	YES	NO
For Individual/ Joint Investors (For joint investors, each investor will need to provide AML/CTF documentation requirements)	Adviser is required to complete AML/CTF Adviser Declaration below	An original or certified copy of any of the following: - Australian driver's licence - Australian Passport - Identification card issued by the State or Territory containing the person's photograph and date of birth - For sole traders, please provide a business name and ABN
For Companies	Adviser is required to complete AML/CTF Adviser Declaration below	A full company search of the ASIC database showing the following information for the company: - Full name of the company - ABN and/or ACN - Registered office address for the company - If the company is a regulated company, a search of the licence and the name of the regulator - If the company is a listed company, the name of the relevant market/exchange - If the company is a majority-owned subsidiary of an Australian listed company, the name of the Australian listed company and the name of the relevant market/exchange
For Partnerships	Adviser is required to complete AML/CTF Adviser Declaration below	An original or certified copy the following: - Partnership agreement or extract of the partnership agreement - Full name and address of each partner in the partnership - Extract of the Minutes of the Partnership's Meeting - A search of the relevant ASIC or other regulators database
For Trusts	Adviser is required to complete AML/CTF Adviser Declaration below	An original or certified copy any the following: - Extract of the trust deed or; - A notice (such as a Notice of Assessment) issued by the ATO within 12 months or; - Letter from a solicitor or qualified accountant verifying the name of the trust in relation to the identified trustee

AML/CTF Adviser Declaration

☐ I confirm that the entity holding the AFS Licence under which I act does NOT have an AML/CTF customer identification management agreement with Gunns Plantations Ltd (GPL) and that accordingly I have forwarded to GPL the required documentation obtained in the course of completing the identification verification for the Applicant under the AML/CTF Act.

OR

☐ I confirm that the entity holding the AFS Licence under which I act does have an AML/CTF customer identification management agreement with Gunns Plantations Ltd (GPL) and that I have completed the AML/CTF identification verification for the Applicant as required under that agreement.

Adviser Name:

Company Name:

Dealer Group:

AFS Licence No.:

Signature:

Privacy Act

GPL will store all information collected securely in accordance with the AML/CTF Act and the Privacy Act 1988 (Privacy Act). The Privacy Act covers the collection, use, disclosure, quality and security of personal information. You can view our privacy statement on www.gunns.com.au/plantations.

IMPORTANT: All requests for information must be faxed to (03) 6333 0646 or emailed to gplapplications@gunns.com.au. Please quote the Investor Number.



Finance Application



IMPORTANT NOTE:

Only complete the following section if seeking finance from Gunns Finance Pty Ltd to fund payment of the Application Fee (refer to our Finance Summary at www.gunns.com.au/plantations)

Please refer to Instructions to Applicants on page 108 of this PDS.

Part A - Applicant Details

Refer to our Finance Summary at www.gunns.com.au/plantations

1. For Individual / Joint Applicants

INVESTOR DETAILS

Investor Surname: Mr/Mrs/Dr/Ms	Investor First Names:
Address:	
Drivers Licence No.:	Date of Birth:
Current Employer:	Employer Telephone:
Occupation:	Period of Employment:
If you have been with your current employer less than 2 years	
Previous Employer:	Employer Telephone:
Occupation:	Period of Employment:
Are you aware if you have one of the following relationship with one or more applicant(s): (a) spouse (b) company-director (c) trust-trustee No ☐ Yes ☐ If yes, name of related applicant(s)	

JOINT INVESTOR DETAILS

Investor Surname: Mr/Mrs/Dr/Ms	Investor First Names:
Address:	
Drivers Licence No.:	Date of Birth:
Current Employer:	Employer Telephone:
Occupation:	Period of Employment:
If you have been with your current employer less than 2 years	
Previous Employer:	Employer Telephone:
Occupation:	Period of Employment:
Are you aware if you have one of the following relationship with one or more applicant(s): (a) spouse (b) company-director (c) trust-trustee No ☐ Yes ☐ If yes, name of related applicant(s)	

2. Company Applicants

Company Name:		
Registered Address:		
Telephone:	ABN:	ACN:

DIRECTORS DETAILS (Directors must complete Guarantee & Indemnity Details)

Surname:	First name:
Occupation:	Date of Birth:
Address:	
Telephone:	Drivers Licence No.:

CO-DIRECTOR/SECRETARY DETAILS

Surname:	First name:
Occupation:	Date of Birth:
Address:	
Telephone:	Drivers Licence No.:

3. Trust Applicants

Name of Trust:

Name of trustee: (If Trustee is an individual, please complete item 1 for Individual Details, if Trustee is a company, please complete item 2 for Company and Director Details)

3.1 Certification from Trustee

* To be completed for Individual Trustee Applicants and Corporate Trustee Applicants

Please also attach a **full copy** of the Trust Deed and complete Part E - Guarantee and Indemnity

The trustee hereby certifies that:

- a) it is the trustee of the Trust Applicant and independent of Gunns Ltd and related entities;
- b) the trust was properly established under the trust deed;
- c) it was properly appointed as trustee of the trust;
- d) it has the capacity and power to borrow the funds, provide the security under the Loan Contract and perform all of its obligations under the Loan Contract on behalf of the trust;
- e) it is entitled to be indemnified out of the assets of the trust in respect of its obligations under the Loan Contract; and
- f) it is satisfied the Loan Contract and the security under the Loan Contract are for the benefit of all the beneficiaries of the trust.

Signature of Trustee:

Date: / /

4. Statement of Assets & Liabilities

Please verify your stated income in the Assets & Liabilities by providing any of the following with your application:

- Your last three payslips; or
- Your previous year's tax return or group certificate; or
- Accountant certificate, indicating your income is currently at the level stated in your application; or
- Declaration from your employer confirming your income

**** PLEASE NOTE: APPLICATIONS MAY BE REFUSED OR PROCESSING DELAYED IF PROOF OF INCOME IS NOT PROVIDED OR IF PROOF OF INCOME DOES NOT SUPPORT THE STATED INCOME IN YOUR ASSETS & LIABILITIES**

ASSETS & LIABILITIES – For Companies/Trusts (individuals to complete section overleaf)

ASSETS

	\$
	\$
	\$
	\$
	\$
	\$
TOTAL ASSETS	\$

ANNUAL PROFIT (After operational expenses)

(Before Tax)	\$
Other income	\$
TOTAL INCOME/PROFITS	\$

LIABILITIES

(Name Financier**)

Balance Owning

Annual Repayments

	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
TOTAL LIABILITIES	\$	\$

If applicable, please provide Profit & Loss Statement and Balance Sheet.

Please complete Part E - Guarantee & Indemnity

Assets & Liabilities – For Individual / Joint Applicants

ASSETS

Residential (Provide Address)	
	\$
Other Properties (Provide Addresses)	
	\$
	\$
Other Investments (Listed/Unlisted Shares)	
	\$
	\$
Other Assets (Business, Motor Vehicles, Home Contents etc)	
	\$
	\$
	\$
Deposits (Institutions)	
	\$
	\$
Superannuation	\$
TOTAL ASSETS	\$

LIABILITIES

(Name Financier**)

Balance Owing

Annual Repayments

Housing Loan**		
	\$	\$
Investment Loans**		
	\$	\$
	\$	\$
	\$	\$
Tax Deductible Component of Loans (if any)		\$
Other Loans**		
	\$	\$
	\$	\$
	\$	\$
	\$	\$
Credit Cards	Limit	
	\$	\$
	\$	\$
	\$	\$
TOTAL LIABILITIES	\$	\$

INCOME (ANNUAL)

Salary (before tax)	\$
Rental & Dividend Income	\$
Franking Credits	\$
Tax-free Income	\$
Other income	\$
TOTAL INCOME	\$

EXPENSES (ANNUAL)

Living Expenses	\$
Other Expenses	\$
	\$
	\$
	\$
TOTAL EXPENSES	\$

JOINT APPLICANT

ASSETS

Residential (Provide Address)	
	\$
Other Properties (Provide Addresses)	
	\$
	\$
Other Investments (Listed/Unlisted Shares)	
	\$
	\$
Other Assets (Business, Motor Vehicles, Home Contents etc)	
	\$
	\$
	\$
Deposits (Institutions)	
	\$
	\$
Superannuation	\$
TOTAL ASSETS	\$

LIABILITIES

(Name Financier**)

Balance Owing

Annual Repayments

Housing Loan**		
	\$	\$
Investment Loans**		
	\$	\$
	\$	\$
	\$	\$
Tax Deductible Component of Loans (if any)		\$
Other Loans**		
	\$	\$
	\$	\$
	\$	\$
	\$	\$
Credit Cards	Limit	
	\$	\$
	\$	\$
	\$	\$
TOTAL LIABILITIES	\$	\$

INCOME (ANNUAL)

Salary (before tax)	\$
Rental & Dividend Income	\$
Franking Credits	\$
Tax-free Income	\$
Other income	\$
TOTAL INCOME	\$

EXPENSES (ANNUAL)

Living Expenses	\$
Other Expenses	\$
	\$
	\$
	\$
TOTAL EXPENSES	\$

Part B - Loan Schedule

Item 1	Investment Amount (refer to Section 26.1, Payment Details, 1. Payment Options, Item A) (Number of Woodlots x \$7,480) + (Number of Blended Option units x \$28,424)	\$	
Item 2	Term (please tick appropriate) *The 15 year option is not available to those investing in Option 1 Woodlots.	☐ 12 months Interest Free ☐ 3 years ☐ 5 years ☐ 10 years ☐ 15 years*	
Item 3	Deposit Amount (refer to Section 26.1, Payment Details, 1. Payment Options, Item B) (if applicable)	N/A	
Item 4	Establishment Fee (refer to Section 26.1, Payment Details, 1. Payment Options, Item D)	\$	
Item 5	Loan Amount (refer to Section 26.1, Payment Details, 1. Payment Options, Item E)	\$	
Item 6	Monthly Repayment Amount (refer to Finance Summary at www.gunns.com.au/plantations)	\$	
Item 7	Repayment Date	Last business day of each month commencing July 2009	
Item 8	Interest Rate The interest rate will be reviewed at the end of each 5 year period and fixed for each following 5 year period at 4% points above the ANZ Banking Group Limited's 5 year swap reference rate. In the event that the ANZ Banking Group Ltd are no longer Gunns Limited's banker at the time of a review the interest rate following the review will be 4% points above the 5 year swap reference rate provided by Gunns Limited's banker.	Term	Interest
		12 months	nil
		3 years	8.5%
		5 years	9.0%
		10 years	10.0%
		15 years	10.5%
Item 9	Margin	2% p.a.	

OFFICE USE ONLY

Gunns Plantations Limited

DUTY PAID \$

Licence No B21183

Return /20 Initials

App No:

File No:

Part C - Direct Debit Authorities

AUTHORITY FOR REPAYMENTS VIA DIRECT DEBIT FROM **BANK ACCOUNT**

I/We request, Gunns Finance Pty Ltd that monies due in terms of the repayment arrangements contained in the Loan Contract between ourselves be drawn under the Direct Debit System from my/our account conducted with _____

for the payment of \$. per month.

Account details: BSB

Account Number:

Account Name:

Account Holder's Signature: **X**

Date:

I/We acknowledge that this Direct Debit arrangement is governed by the terms of the Client Services Agreement in Section 23.3 and that I/We have read it and understand its contents.

AUTHORITY FOR REPAYMENTS VIA DIRECT DEBIT FROM **CREDIT CARD**

Note: A limit of \$99,000 applies to credit card payments.

I/We request, Gunns Finance Pty Ltd that monies due in terms of the repayment arrangements contained in the Loan Contract between ourselves be drawn under the Direct Debit System from my/our credit card

for the payment of \$. per month.

Card Holder's Name:

(tick appropriate card) Master Card ☐ Visa Card ☐

Credit Card Number:

Expiry Date:

Card Holder's Signature: **X**

Date:

I/We acknowledge that this Direct Debit arrangement is governed by the terms of the Client Services Agreement in Section 23.3 and that I/We have read it and understand its contents.

Part D - Parties' Acknowledgements

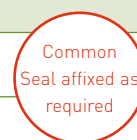
Each person who signs this Part D - Parties' Acknowledgments acknowledges that:

1. This is an application for finance from Gunns Finance Pty Ltd on the terms set out in Part B – Loan Schedule and otherwise on the terms and conditions set out in the Loan Contract.
2. The application for finance is solely for the purpose of investing in the Project.
3. The application for finance is subject to approval by Gunns Finance Pty Ltd and Gunns Finance Pty Ltd reserves the right to decline the application.
4. All of the information (including financial information) provided in Part A – Applicant Details is true, accurate and not misleading or deceptive in any way.
5. I have read and understood the Loan Contract and I agree to be bound by those terms as the "Borrower" in favour of Gunns Finance Pty Ltd.
6. I have read and understood the Loan Contract and I agree that Gunns Finance Pty Ltd may obtain, use and disclose credit information on the terms set out in clause 18 of the Loan Contract.

Executed as a deed:

INDIVIDUALS	
Signed sealed and delivered by	
Investor Signature 	Investor Signature 
Investor Name (please print)	Investor Name (please print)
Date	Date
in the presence of:	
Witness Signature 	Witness Signature 
Witness Name (please print)	Witness Name (please print)

CORPORATE INVESTORS (witness required if single signature)	
The common seal of (Insert Company Name):	
was hereunto affixed in the presence of:	
Director/ Witness 	Director/ Witness 
Director/Secretary Name (please print)	Director/Witness Name (please print)
Date	Date



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File No:

**IMPORTANT NOTE:**

If you are an individual applicant, you may stop here. However, please note that in some circumstances Gunns Finance may require further information or for you to complete the following Guarantee and Indemnity section.

If you are a company or trust applicant, you **MUST** complete the following Guarantee and Indemnity section.

Part E - Guarantee and Indemnity

Guarantor Details

Item A. Guarantor (For joint Guarantors please provide details for both)

GUARANTOR DETAILS

Guarantor Name:	
Residential Address:	
Drivers Licence No.:	Date of Birth:
Current Employer:	Employer Telephone:
Occupation:	Period of Employment:
If you have been with your current employer less than 2 years	
Previous Employer:	Employer Telephone:
Occupation:	Period of Employment:
Are you aware if you have one of the following relationship with one or more applicant(s): (a) spouse (b) company-director (c) trust-trustee No ☐ Yes ☐ If yes, name of related applicant(s)	

JOINT GUARANTOR DETAILS

Joint Guarantor Name:	
Residential Address:	
Drivers Licence No.:	Date of Birth:
Current Employer:	Employer Telephone:
Occupation:	Period of Employment:
If you have been with your current employer less than 2 years	
Previous Employer:	Employer Telephone:
Occupation:	Period of Employment:
Are you aware if you have one of the following relationship with one or more applicant(s): (a) spouse (b) company-director (c) trust-trustee No ☐ Yes ☐ If yes, name of related applicant(s)	

Item B. Company/Trust Investor

Company Name:	ABN:
Registered Address:	

Part E - Guarantee and Indemnity

Guarantor Details

STATEMENT OF ASSETS AND LIABILITIES - GUARANTOR

ASSETS

Residential (Provide Address)	
	\$
Other Properties (Provide Addresses)	
	\$
	\$
Other Investments (Listed/Unlisted Shares)	
	\$
	\$
Other Assets (Business, Motor Vehicles, Home Contents etc)	
	\$
	\$
	\$
Deposits (Institutions)	
	\$
	\$
Superannuation	\$
TOTAL ASSETS	\$

LIABILITIES

(Name Financier**)

Balance Owning

Annual Repayments

Housing Loan**		
	\$	\$
Investment Loans**		
	\$	\$
	\$	\$
	\$	\$
Tax Deductible Component of Loans (if any)		\$
Other Loans**		
	\$	\$
	\$	\$
	\$	\$
	\$	\$
Credit Cards	Limit	
	\$	\$
	\$	\$
	\$	\$
TOTAL LIABILITIES	\$	\$

INCOME (ANNUAL)

Salary (before tax)	\$
Rental & Dividend Income	\$
Franking Credits	\$
Tax-free Income	\$
Other income	\$
TOTAL INCOME	\$

EXPENSES (ANNUAL)

Living Expenses	\$
Other Expenses	\$
	\$
	\$
TOTAL EXPENSES	\$

STATEMENT OF ASSETS AND LIABILITIES - JOINT GUARANTOR (if applicable)

ASSETS

Residential (Provide Address)	
	\$
Other Properties (Provide Addresses)	
	\$
	\$
Other Investments (Listed/Unlisted Shares)	
	\$
	\$
Other Assets (Business, Motor Vehicles, Home Contents etc)	
	\$
	\$
	\$
Deposits (Institutions)	
	\$
	\$
Superannuation	\$
TOTAL ASSETS	\$

LIABILITIES

(Name Financier**)

Balance Owning

Annual Repayments

Housing Loan**		
	\$	\$
Investment Loans**		
	\$	\$
	\$	\$
	\$	\$
Tax Deductible Component of Loans (if any)		\$
Other Loans**		
	\$	\$
	\$	\$
	\$	\$
	\$	\$
Credit Cards	Limit	
	\$	\$
	\$	\$
	\$	\$
TOTAL LIABILITIES	\$	\$

INCOME (ANNUAL)

Salary (before tax)	\$
Rental & Dividend Income	\$
Franking Credits	\$
Tax-free Income	\$
Other income	\$
TOTAL INCOME	\$

EXPENSES (ANNUAL)

Living Expenses	\$
Other Expenses	\$
	\$
	\$
TOTAL EXPENSES	\$

FOR GUARANTORS ONLY - LOAN APPLICANTS SIGN PART E - PARTIES' ACKNOWLEDGEMENTS

Each person who signs this Part E acknowledges that:

1. This is an application to provide a Guarantee to Gunns Finance Pty Ltd on the terms set out in the terms and conditions set out in Section 23.2 of this PDS.
2. The Guarantee is solely for the purpose of securing the Loan for the Debtor to invest in the Project.
3. The Guarantee is subject to approval by Gunns Finance Pty Ltd and Gunns Finance Pty Ltd reserves the right to decline the application.
4. All of the information (including financial information) provided in this Guarantee application is true, accurate and not misleading or deceptive in any way.
5. I have read and understood Section 23.2 of this PDS and I agree to be bound by those terms as the "Guarantor" in favour of Gunns Finance Pty Ltd.

Part E - Guarantee and Indemnity Guarantor Acknowledgements

Executed as a deed:

Signed sealed and delivered by		OFFICE USE ONLY
Guarantor Signature 	Guarantor Signature 	
Guarantor Name (please print)	Guarantor Name (please print)	
Date	Date	
in the presence of:		
Witness Signature 	Witness Signature 	
Witness Name (please print)	Witness Name (please print)	

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File No:

Corporate Directory

Manager & Responsible Entity

Gunns Plantations Limited

ABN: 36 091 232 209

AFSL No. 238701

Registered Office:

78 Lindsay Street

Launceston, Tasmania 7250

Telephone: 03 6335 5290

Facsimile: 03 6333 0646

Freecall: 1800 015 023

Postal Address:

PO Box 588

Launceston, Tasmania 7250

Web Site Address:

www.gunns.com.au/plantations

Directors:

John E Gay (Chairman)

Leslie R Baker

Rodney J Loone

Patrick J Sullivan

Robin T Gray

Robert H Graham

Custodian

Gunns Limited

ABN: 29 009 478 148

78 Lindsay Street

Launceston, Tasmania 7250

Auditor

KPMG, Chartered Accountants

ABN: 51 194 660 183

33 George Street

Launceston, Tasmania 7250

Taxation Advisor

KPMG, Chartered Accountants

ABN: 51 194 660 183

33 George Street

Launceston, Tasmania 7250

Legal Advisor

Shields Heritage

ABN: 26 477 023 371

53 Cameron Street

Launceston, Tasmania 7250

Independent Forester

Van Diemen Forestry Consultants Pty Ltd

ACN: 009 577 842

212 Union Street

Surrey Hills, Victoria 3127