

6 October 2009

**GREAT SOUTHERN LIMITED ACN 052 046 536  
(Receivers and Managers Appointed)(Administrators Appointed)  
AND CERTAIN SUBSIDIARIES AS SET OUT IN THE SCHEDULE  
(Some Receivers and Managers Appointed)  
(All Administrators Appointed)(Collectively referred to as “the Group”)**

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## CIRCULAR TO INVESTORS

I refer to the appointment of Martin Jones, Andrew Saker, Darren Weaver, and James Stewart as Joint and Several Administrators of the Companies in the Group pursuant to section 436A of the Corporations Act 2001 (“the Act”) on 16 May 2009.

The purpose of this circular is to update you in relation to recent developments with respect to the Voluntary Administration that may have a direct impact on your interests within certain Managed Investment Schemes.

### Disclaiming of Property Leases - s419A Notices

In the evening of 30 September 2009, the Receivers and Managers of Great Southern Managers Australia Limited (“GSMAL”) issued pursuant to s419A notices of the Corporations Act advising us that GSMAL, is no longer using, occupying or in possession of the leased property. As a consequence the Receivers will no longer be personally liable to meet the respective lease obligations.

It is the Receivers' intention not to exercise property rights in relation to the property leases listed below. Accordingly, as Administrators (and unfunded in this Administration) it was necessary for us to issue notices to the landlords pursuant to s443B of the Corporations Act to avoid personal liability.

The affected Great Southern entities and property leases include:

1. Great Southern Almond Holdings (GSAH) - Moorah and Yilgah properties and those leases with lessor Rural Funds Management Limited;
2. Sylvatech Limited (GSYL) - All Tiwi Island leases;
3. Great Southern Property Managers Limited (GSPML) - All 2004 and 2005 Pulpwood forestry leases;
4. Great Southern HVT Holdings Pty Limited (GSHVT) - Campagnolo property lease under HVT.

The timing of these notices is relevant to protect any liability which may be incurred from 1 October 2009 onwards, when approximately \$8,000,000 worth of lease payments were due and payable.

ADELAIDE  
BRISBANE  
MELBOURNE  
NEWCASTLE  
SYDNEY  
HONG KONG  
JAKARTA  
KUALA LUMPUR  
MANILA  
MUMBAI  
SHANGHAI  
SINGAPORE  
TOKYO

affiliated through  
Zolfo Cooper  
and  
Kroll Worldwide  
UNITED STATES  
UNITED KINGDOM



After having investigated options, the Administrators have determined that they are unable to take any steps to preserve the leases without being exposed to personal liability for rent and other outgoings on the leases in the order of millions of dollars. The Administrators are without funds to meet those liabilities.

The landlords of the above leases may terminate the relevant leases, subject to the terms of the lease, and possibly re-enter possession of the relevant land.

If the above leases are terminated, a number of issues will arise that should be considered by individual Investors. These issues include but not limited to the following:

1. whether Investors' rights to the timber/produce on their respective woodlots survive termination of the leases
2. whether termination of the of the leases affects the right and amount for which relevant Investors are entitled to vote at scheme meetings;
3. whether Investors affected by the termination of the leases have a claim as a creditor of GSMAL; and
4. whether termination of the of the leases affects the continuation of relevant schemes and the ability of Investors to claim tax deductions in respect of their investments.

We strongly recommend that Investors seek their own independent legal advice on the above issues.

It is not our intention, as the Administrators of the Great Southern group, to provide legal, taxation or financial advice about stakeholders' individual positions.

### **Insurance Premium and Funding**

The Group's insurance policies expired at various dates between 1 September 2009 and 30 September 2009. The Receivers and Managers have obtained funding to renew the majority of the insurance policies, including the insurance relating to produce or timber for the company owned standing timber, pulpwood produce and interests in MIS.

With regards to forestry schemes and investor woodlot insurance, we understand that the Receivers and Managers will be writing to growers shortly to offer them the opportunity to take out individual insurance policies on their woodlots.

In regard to the horticultural schemes and produce insurance we understand that the insurer cannot offer individual policies to the growers. We do not currently have funds to cover the cost of this insurance, however we are exploring potential avenues from which to obtain such funding.





## **Alternative Funding for the Receiver and Manager beyond 30 September 2009**

As you are aware, funding for the Receivers and Managers with respect to the Group ceased on 30 September 2009.

We understand that a proposal has been put forward to the Club Banks by the Receivers and Managers for additional funding whilst negotiations and expressions of interests for the reconstruction or sale of assets of the Group are finalised.

## **Australian Tax Office Tax Determinations**

We understand that the Australian Taxation Office ("ATO") issued its first set of draft Tax Determinations addressing the implications of a change in the Responsible Entity and non-forestry Managed Investment Schemes ("MIS") on 30 September 2009. We understand that the ATO will be issuing a tax determination on the forestry MIS shortly.

These Tax Determinations have been published on the ATO's website at [www.ato.gov.au](http://www.ato.gov.au) and include the following:

1. TD 2009/D9- Change of responsible entity;
2. TD 2009/D10- Disposal or termination of an interest in a non-forestry MIS as a result of circumstances outside the investors control;; and
3. TD 2009/D11- Ordinary or Statutory Income.

When finalised, these draft determinations will provide clarity for affected investors on the ATO's approach and proposed tax treatment of the MIS investment to assist in complying with your tax obligations.

We again recommend that you seek your own advice with respect to the tax determinations above and the affect that these will have on your own individual position.

## **Investor loans**

Investors should make contact with the relevant financial institution regarding their loan obligations. In particular, Investors should continue to meet obligations as set out in the relevant loan agreements.

Failure to make scheduled principal and/or interest payments may result in a default under the loan agreement and result in default interest, legal action and/or adverse tax outcomes.

Again we recommend that independent legal advice is obtained in relation to Investor loan obligations.





Should you have any queries in relation to the above, please contact one of our team on 1800 258 348 or at [gsl\\_investors@perth.fh.com.au](mailto:gsl_investors@perth.fh.com.au).

Dated this 6<sup>TH</sup> day of October 2009.

A handwritten signature in black ink, appearing to read 'M. Jones', written over a circular scribble.

MARTIN JONES

Joint and Several Administrator of  
Great Southern Limited  
And certain subsidiaries as set out in the  
Schedule



## THE SCHEDULE

Company	ACN	Company	ACN
*Great Southern Managers Australia Limited	083 825 405	Beagle Holdings Pty Ltd	009 280 782
*Great Southern Land Holdings Pty Ltd	087 074 093	Beagle Management Pty Ltd	009 280 791
*Great Southern Vineyard Holdings Pty Ltd	107 020 191	Great Southern Pine Pty Ltd	087 353 820
Great Southern Olive Holdings Pty Ltd	111 092 374	Great Southern Securities Pty Limited	009 283 621
Great Southern Olives Company Limited	121 381 208	Hampton Securities Australia Pty Limited	062 193 597
*Great Southern Cattle Holdings Pty Ltd	113 922 642	*Sylvatech Limited	073 019 093
Great Southern Almond Holdings Pty Ltd	122 130 652	Sylvatech Securities Limited	100 797 475
Great Southern HVT Holdings Pty Ltd	123 433 778	*Great Southern Forestry NT Pty Ltd	084 646 435
Great Southern Managers Pty Limited	058 213 791	Sylvatech Finance Pty Ltd	112 280 609
Great Southern Finance Pty Ltd	009 235 143	Pensyl Pty Ltd	108 588 389
Great Southern Timber Pty Ltd	009 432 955	Pensyl Constructions Pty Ltd	107 516 012
**Great Southern Property Managers Limited	108 409 641	Great Southern Infrastructure Pty Ltd	126 069 314
*Great Southern Export Company Pty Ltd	113 408 549	Great Southern Plantations Pty Ltd	121 566 649
*Great Southern Property Holdings Limited	121 245 047	Great Southern Olive Processing Pty Ltd	128 547 437
GSPT Debenture Holdings Pty Ltd	121 220 273	Great Southern Timber Holdings Pty Ltd	128 160 145
*Great Southern Cattle Managers Pty Ltd	113 922 660	Great Southern Plantations Holdings Pty Ltd	132 912 184
B. M. Pty Limited	009 362 350	Main Camp Enterprises Pty Ltd	134 260 889

\* Receivers and Managers Appointed

\*\* Receivers Appointed