

**Great Southern Managers Australia Limited
(Administrators appointed)
(Receivers and Managers Appointed)
("GSMAL")
ACN 083 825 405**

Circular to investors

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Federal Government announcement in relation to amendments to the four-year holding period tax rule

On 21 October 2009 the Federal Government announced that it will amend the four-year holding period tax rule ("holding rule"). The amendment allows investors to retain their tax deductions for initial contributions to a forestry managed investment scheme where the holding rule is failed. According to the Federal Government's announcement, the new provisions will apply where the holding rule is failed due to events which are genuinely beyond the control of the investor, such as the insolvency of the relevant RE. The draft legislation to give effect to the announcement is awaiting release.

Australian Tax Office announcements

In addition to the Government's proposed legislative amendment, the Australian Taxation Office has recently released the following draft tax determinations:

- + TD 2009/D9 which provides the Commissioner's preliminary view on whether a change of responsible entity (**RE**) of a registered agricultural managed investment scheme will affect the tax outcomes for investors if the scheme continues to be implemented in accordance with the relevant product ruling.
- + TD 2009/D13 and TD 2009/D14 which provide the Commissioner's preliminary view on whether investors are entitled to claim deductions in relation to their initial contributions to a forestry managed investment scheme where there is a failure to plant trees intended to be established under the scheme, for example, as a result of the appointment of a liquidator or administrator.
- + TD 2009/D15 and TD 2009/D16 which provide the Commissioner's preliminary view on whether investors are entitled to claim deductions in relation to their initial contributions to a forestry managed investment scheme where the holding rule is failed.

These draft taxation determinations are available on the Great Southern website (www.great-southern.com.au).

Implications for investors

Investors will need to consider the implications of the Federal Government's announced amendments to the holding rule once draft legislation is released.

Although TD 2009/D15 and TD 2009/D16 refer to the announced amendments to the holding rule, they consider the tax law as it currently stands. Accordingly, investors will need to consider whether the proposed legislative amendments to the holding rule will affect the Commissioner's preliminary views in TD 2009/D15 and TD 2009/D16 once draft legislation is released.

While TD 2009/D9 and the announced amendments support the position that a change of RE should not have any adverse tax consequences, investors will need to consider the implications of any changes to the scheme documents proposed by potential replacement REs and should obtain their own financial and taxation advice about any proposal once the details are provided. We have requested all prospective REs to provide a tax opinion on their proposal for consideration by investors.

Queries

Should you have any specific questions you may email gsp@great-southern.com.au or to fm-gs@mcgrathnicol.com or you may call the Great Southern Investor Hotline on 1800 258 348.

Disclaimer

The information in this Circular does not constitute legal, financial or taxation advice and investors must carefully make their own assessment of the issues outlined in this Circular and seek professional advice (including any taxation advice), if they are uncertain. This circular should not be relied on as the basis for doing or failing to do something.



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