



Great Southern Growers Group

EXECUTIVE SUMMARY – GREAT SOUTHERN AS AT 22 SEPTEMBER 2009

1.0 GENERAL

A significant amount of information will become available over the next few weeks in respect of the various Projects, the commercially interested parties and possible outcomes (on a Scheme by Scheme basis).

Circulars relating to the following projects were released on the 21st of September 2009:

- Vineyards Projects (2004,2005 (1) 2005 (2))
- Forestry Pulpwood Projects
- Almond Projects
- High Value Timber Projects
- Olive Projects
- Templegate Projects
- Wine Grape Projects (2006,2007, 2008)

Detailed circulars are available on www.great-southern.com.au, a link has been established on PIS/SMT website for ease of reference.

We recommend all Growers and Advisors read the circulars that are relevant to their investments.

2.0 FUNDING

This remains a major issue as the Club Bank Consortium has indicated funding will cease on 30 September, 2009.

The Receivers are talking to possible alternative funding sources, whilst Save My Trees has raised the funding issue directly with Senator Bowen.

To date there is no good news on this front. The critical issues are those relating to third party lease payments, critical maintenance & insurance.

Save My Trees will continue to encourage possible funding sources as far as possible. Lack of funding and lack of time will mean some of the Great Southern schemes will find it extremely difficult to reach a satisfactory commercial outcome. This serves as a deterrent to commercially interested parties, placing pressure on possible project outcomes.



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Growers could of course band together to fund their project until a replacement RE is found, however this would require significant organisation, significant legalities to be addressed, funding and recognition that not all Growers would contribute.

Each scheme would also have to be legally addressed and treated separately from other schemes.

3.0 INSURANCE

Insurance will effectively expire at the end of September, 2009 for most Schemes. The Receiver has attempted to organise individual Grower insurance however this is subject to a range of practical difficulties and it is unlikely individual Grower insurance will be available before expiry.

Growers should accordingly be aware that they will not have coverage after this date. Growers can seek their own expert advice as to availability of alternate insurance providers.

We are aware that some of the commercial parties looking to make offers to Growers are suggesting Growers forego insurance coverage in the future due to the escalating costs and the low incidence of fire damage (particularly in respect of Eucalypts). Of course each Grower must determine what is appropriate for their individual situation.

4.0 TRUST MONIES – HARVEST PROCEEDS

We are aware the issue of harvest proceeds has been a concern for many Growers.

McGrath Nicol have provided commentary on harvest proceeds held in Trust and we urge you to read the circular for information relevant to individual schemes.

5.0 COMMERCIALY INTERESTED PARTIES

The closing date for Non Binding Indicative Offers is 23 September, 2009.

A period of assessment will occur and then we anticipate there being further communication with Growers as to the details of the offers.

We envisage considerable information will become available in this regard over the next week and a half.



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A summary of the commercially interested parties according to broad scheme type are listed below. We also note there needs to be some temperance of excitement in respect of a range of offers, as they vary greatly in interest from single farm units to entire Scheme/s proposals.

In some instances there is also concern for some schemes with lack of parties willing to act as RE. We welcome any ideas or knowledge of possible parties that may be interested, which have not yet responded to the Receiver.

We understand the Receiver will entertain offers after the closing date if they are commercially sound, however there is limited time for this to occur.

It is also important to understand offer terms will vary considerably, they may be only asset based (land offers), and they may be scheme/RE offers with or without land. Complete information regarding individual parties is currently not publicly available.

A brief summary is included below:

- Templegate Forestry Trusts – 5 inquiries with one party undertaking due diligence.
- Wine Grape Income 2006, 2007, 2008 – 30 inquiries for all vineyard assets (including 2004 and 2005) with 11 parties carrying out due diligence.
- Vineyard Projects 2004, 2005 (1), 2005 (2) - 30 inquiries for all vineyard assets (including Wine Grape Income) with 11 parties carrying out due diligence.
- Organic & Diversified Olive Projects – 10 inquiries with 5 parties carrying out due diligence.
- High Value Timber (2007 & 2008) – 20 inquiries with 4 parties carrying out due diligence.
- Almond Projects 2007, 2008 (1) & 2008 (2) - 4 inquiries with 1 party carrying out due diligence.
- Forestry Pulpwood Schemes - 80 inquiries with 21 parties carrying out due diligence.
- High Value Timber 2009 – the situation with application monies is currently being negotiated with the Receivers and Adelaide & Bendigo Bank. There is a very brief circular to this effect.

6.0 DISCUSSIONS WITH COMMERCIALY INTERESTED PARTIES BY SMT

SMT have been in discussion with some of the prominent interested parties over the last few months. We are subject to Confidentiality Agreements with these parties and therefore cannot release details until the material becomes publicly available.

We expect some important offers to come into the Public arena over the next week and a half which may result in competitive tension between a number of the commercial offers. We anticipate this will be the case for Pulpwood and Olive schemes.

We remain concerned for some of the Horticultural and Non Core Forestry Schemes and a lack of interest from an RE perspective. The political, geographical and commercial idiosyncrasies relating to the Tiwi islands are also of significant concern and we believe will pose considerable issues for commercial parties.

7.0 CLOSURE

SMT will continue to work for the interests of Growers and keep them informed of progress.

We will continue to develop and work with various parties to help facilitate the best outcome we can.

Growers must however be realistic and understand that at best, there will be some adjusted economics and, at worst some Scheme's could be insolvent.

We may require people to initiate action alerts to assist us. Please watch the SMT website for updates. Your assistance will be important.

In the case where there are multiple offers for some schemes, it is very important we do not end up with a split position by Growers precluding any of the offers obtaining the required number of votes.

This is raising some very important practical issues surrounding how this can be dealt with in an appropriate fashion.

Thank you for your support.

Rob Burns
Chairman Save My Trees (SMT)