

Update Regarding Great Southern

As part of its ongoing work to protect client and adviser interests in the Great Southern Group, the Save My Trees (SMT) initiative is involved in a range of matters that aim to better the outcome for all stakeholders impacted by the collapse of the Great Southern Group.

To date weekly meetings updating on the progress and assignment of required tasks have focused on voicing the concerns we all have. The internal team is lead by Rob Burns and has been instrumental in developing the presence of SMT in this regard.

There has been significant noise and public misinformation about the Great Southern matter. The Committee has worked through this noise to develop a clear strategy to focus on.

The initial strategy recognises the limited time available to obtain the best outcome possible for the majority of Growers and stakeholders affected by Great Southern's collapse.

The best result for Growers will be obtained by facilitating parties to come together with commercial offers for Growers and/or the Receivers and/or Administrators to consider (e.g. DOCA's Deed of Company Arrangements).

While there are various legal actions suggested these are not the Committee's focus. They are a possible option that can be explored later if needed. In the interim they take the focus and resources away from the main game i.e.

COMMERCIAL OFFERS.

a) Urgent Maintenance Works

It is critical that various works on the schemes are done to help preserve the value of the Forestry and Horticultural assets, this is also necessary to protect the land value and commercial rights of Great Southern assets.

The reality is that affected parties are largely dependent on the Club Bank Consortium to continue to fund the Receiver. To date this has been a difficult process but is in the best short-term interest of all Growers to continue.

While less than satisfactory, the SMT committee has worked to keep this issue firmly in the mind of the Receivers and to ensure they are aware of their responsibilities as the Responsible Entity (RE).

e) Court Hearing – Victorian Supreme Court

Rob Burns appeared on behalf of the SMT Committee at the Supreme Court Hearing, Monday 17 August 2009, as the Contradictor.

The SMT committee were able to utilise Clarendon's solicitors as well as the same barristers who have operated with some success on the Timbercorp matter.

The Hearing surrounded a lien request over monies required to be spent on maintenance to preserve value for Growers (and Great Southern). This issue is critical to likelihood of ongoing finance from the Club Bank Consortium to fund maintenance works for the foreseeable future.

A separate update on this matter has been prepared and circulated. The matter was handled quite successfully and should help facilitate ongoing funding, although not occurring as fast as we would like. As a result we continue to follow up with the Receivers every few days.

f) Commercial Parties

SMT are in contact and have attended meetings with a number of commercial parties interested in the various MIS schemes. Due to confidentiality agreements with most of the parties we are unable to release details.

One commercial offer has been launched for a limited number of the Pulpwood schemes by Pulpwood Plantation Proprietary Limited (PPPL) offer limited to 1998 to 2003.

Please ensure you look at their website and materials so you gain an understanding of its commercial terms.

We believe other offers will come forward to Growers and we need to temper any decisions or assessment until we fully understand the structure and commercial terms of the offers. The Timbercorp experience has shown that it is likely that other parties may be interested in various assets.

An SMT Committee Member has also, via the Creditors Committee, provided details of a consulting group previously used by Great Southern to review partial sales of their business. The same information has been forwarded to the Receivers.

g) Consultative Committee/ Receivers

The Receivers are forming a Consultative Committee which will include SMT. The Receivers last week (Friday 21 August 2009) confirmed verbally that Rob Burns will be invited to join the Consultative Committee.

It is essential for all Committees to work with the Receivers in a productive and proactive fashion. At this point they have legal control and the RE is being funded by the Bank. It is critical an RE has funding otherwise they cannot function.

In addition to the Consultative Committee, Rob Burns has attended several private meetings with the Receivers and will be meeting both James Thackery and Simon Read of McGrathNicol in Perth Friday 28 August 2009. We have worked hard to form a relationship with the Receivers and believe this will prove more helpful than going head to head with them from the outset.

There is fear in what the Receivers may propose at the second Creditors Meeting and all Committees are pushing hard to have the Growers views and creating opportunity for commercial parties to be firmly understood.

h) Political Pressure

Members of SMT and the Creditors Committees will meet with the Minister for Financial Services (Chris Bowen) and separately with the Shadow Minister (Chris Pearce) within the next fortnight.

If you have not done so you should log into the SMT website and read the full submission by SMT Committee member Phillip Capacchiano to Chris Bowen. While some of the views may have changed as further information has become available, it is a good read and helps understand the size and complexity of this issue.

An update on this will be provided on the SMT website.

i) Data Vault

One of the key issues affecting the ability of commercial parties to develop offers thoroughly is getting access to data. The McGrathNicol data vault is not yet open and is a major issue we have been pushing resolve, we hope to have some success with this over the next week.

j) Reference Library Scheme Summary

We have constructed a scheme summary and reference library of all key documents. This assists discussion with commercial parties and proved very useful in the Victorian Supreme Court matter.

The summary and reference library will also be useful if we have to become involved in litigation further down the track.

k) Bendigo and Adelaide Bank

It is in the interests of Bendigo and Adelaide Bank for Growers to achieve a commercial outcome. We have had several meetings and discussions how they can help facilitate this and have developed a communication flow that hopefully will be useful to this end.

SUMMARY

A lot of time effort, resources and money has been expended to get this far.

The time frames we have worked in have been short and the effort to become functional, recognised as the key Grower group, access people and information has been significant.

This is a very complex matter that has no existing roadmap to follow, there are many dynamics to understand and there are many conflicting interests.

The only promise we can make is to work as hard as we can to help obtain the best possible commercial outcome for all involved.

WE NEED YOU!!!!

Simply, the more volume there is on the SMT website, especially in terms of advisers and Growers, the more power SMT has.

If you have not registered on the SMT website and/or have not assisted your clients who have invested in Great Southern projects to also register then you have not helped.

If you expect assistance than you also need to put some effort in.

We have a dedicated team, under a large amount of pressure who are working on a solution.

Wouldn't you prefer to be seen as helping facilitate a solution rather than ignoring an issue?

This is a personal appeal for you to take leadership with your own investment or your clients, I urge you take up the challenge and do it quickly.

Rob Burns
Chairman
SMT Committee