

25 September 2012

Gunns Appointment

Mr Mark Korda and Mr Bryan Webster of KordaMentha were today appointed Receivers and Managers of Gunns Limited and its wholly owned subsidiaries (Gunns) (ASX: GNS).

This follows the appointment of Voluntary Administrators to the Gunns group of companies. The role of Receivers and Managers is to manage the Group's affairs, including the ability to continue to trade the business as a going concern and to preserve the value of the assets while a sale process is conducted.

Gunns is one of Australia's largest forestry management companies, managing approximately 300,000 hectares of softwood and hardwood forestry assets nationally with plantations in Tasmania, the Green Triangle region of South Australia and Victoria, the Albany region of WA and the Murray Valley. Gunns also conducts softwood sawmilling operations in Bell Bay (Tasmania) and Tarpeena (South Australia) and distribution centres nationally.

Mr Korda said Gunns had been impacted by the global economic downturn which had reduced demand and prices achieved for export woodchips together with the collapse of the forestry Managed Investment Scheme (MIS) industry.

Gunns shares have been suspended from the ASX for more than six months due in part to an inability to attract the level of new equity necessary to restructure the business.

Mr Korda said the Receivers and Managers would implement a three-point plan:

- Continue softwood sawmill and distribution operations on a 'business as usual' basis while a sale process is undertaken
- Undertake a review of harvesting operations, plantation maintenance and lease obligations to determine the appropriate strategy in terms of restructuring or realising the Group's plantation and associated assets.
- Explore all other opportunities to maximise value for the benefit of stakeholders including a strategic review of the planned pulp mill.

In the preliminary full year accounts issued on 31 August 2012, Gunns reported a net loss after tax of \$903.9 million, secured debts of \$560 million and net assets of \$24 million.

Gunns employs approximately 500 staff based at various locations throughout Australia, including approximately 200 employees in Tasmania.

A subsidiary, Gunns Plantations Ltd, has responsibility for 20 agribusiness MIS, including 9 MIS previously managed by Great Southern Plantations Limited. The Receivers and Managers have not been appointed to Gunns Plantations Ltd in its capacities as Responsible Entity of the MIS.

Frequently Asked Questions:

Who is controlling the Gunns Group of companies?

Bryan Webster and Mark Korda of KordaMentha have been appointed as Receivers and Managers over Gunns Limited and its subsidiaries except for the Responsible Entity. That is, the Receivers and Managers are in control of all operations apart from the MIS.

If I am an employee, contractor, supplier, customer, interested party, who should I contact?

All queries for the Receivers can be directed to gnsenquiries@kordamentha.com or (03) 8623 3395.

If I am a grower investor (grower), who should I contact?

Grower enquiries should be directed to the Voluntary Administrators via their website (<http://ppbadvisory.com/creditor-information/v/297/gunns-limited-gunns-plantation-limited>).

If I have a grower loan, who should I contact?

If you borrowed money to finance your MIS investment and hold a loan with the Group, you are required to continue making payments on your loan as per the terms of the loan agreement.

Grower loan queries should be directed to the Gunns accounts receivable team.

If I am a shareholder who should I contact?

Shareholder enquiries should be directed to the Voluntary Administrators via their website (<http://ppbadvisory.com/creditor-information/v/297/gunns-limited-gunns-plantation-limited>).

More information will be posted on www.gunns.com.au or www.kordamentha.com

Media contacts:

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