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GUNNS WELCOMES GREAT SOUTHERN VOTE

Australia's leading hardwood forestry company Gunns Limited today welcomed the approval of its proposal for its subsidiary, Gunns Plantations Ltd, to become the Responsible Entity for several Great Southern forestry managed investment schemes and to effect a restructure of those schemes (Proposal).

Growers in eight schemes - 1998, 1999, 2000, 2001, 2002, 2003, 2004 and 2005 – voted to accept Gunns' Proposal to manage the schemes, the current responsible entity of which is in receivership following Great Southern's insolvency earlier this year.

The meeting for the 2006 scheme was adjourned until 4 January 2010 since it appeared likely that the approval vote would fall slightly short of the required 50 per cent of all eligible voters in that scheme and a certain number of proxy votes were received after the deadline of 11am AEDST 21 December 2009.

It is open to Gunns and the receivers to agree to complete the transfer process for the eight schemes which have approved the Proposal notwithstanding that the 2006 scheme has not yet given its approval. The parties intend to proceed to complete the process once orders giving directions in relation to the implementation of the resolutions have been received from the Victorian Supreme Court. An application for those orders has commenced and is expected to be heard shortly.

Great Southern's hardwood pulpwood resources represent one of Australia's largest hardwood plantation estates. The transaction provides highly complementary hardwood operations for Gunns, resulting in a significant increase in scale and access to additional plantation timber, the management and sales which will be handled by Gunns on behalf of the schemes. Gunns expects the transaction to be EPS accretive in the 2010 financial year. The inclusion of the Great Southern plantations into the Gunns managed estate is a significant development in the Board's objective of transitioning to a plantation based business.

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