

New Forests to Purchase Bell Bay and Tarpeena Sawmills from Receivership

SYDNEY (20 December 2012) – New Forests Pty Limited (“New Forests”) announced today that it has completed an agreement to purchase Gunns’ sawmilling, sales, and distribution business from the Receiver, KordaMentha. New Forests will acquire all the assets of Gunns Timber Products (GTP), including the Bell Bay and Tarpeena sawmills. The transaction is anticipated to complete in late January 2013.

Mark Korda and Bryan Webster, Receivers of Gunns Limited and its wholly owned subsidiaries (Gunns) (ASX: GNS), confirm they have signed a sale and purchase deed with New Forests to sell the timber business as a going concern. The sale price is confidential.

GTP is a leading national timber products business consisting of two high quality saw mills at Bell Bay in Tasmania and Tarpeena in South Australia and a national sales and distribution network with warehouses in Perth, Adelaide, and Melbourne.

New Forests confirms the contract provides for continued employment and entitlements for approximately 380 staff and has stated that the business will be managed locally.

“Over the coming weeks, we will be working closely with KordaMentha and Gunns Timber Products staff to ensure a smooth ownership transition,” said David Brand, Managing Director of New Forests. “The Bell Bay and Tarpeena sawmills are key elements of Australia’s regional forest industries. Over the past year we have acquired softwood plantations in Tasmania and in the Green Triangle which provide the core wood supply to each mill. We can now aim to create value by integrating management of the forests with the mills and with the sales and distribution functions. This should allow us to be a competitive and high-quality timber supplier even in the current difficult market conditions.”

Mark Korda said, “This is an outstanding outcome for the employees and the local communities of Bell Bay and Tarpeena. The business will be in the hands of experienced forestry managers with a long-term interest in the Australian timber industry.”

New Forests now manages over 375,000 hectares of forestland and timber plantations across Australia on behalf of institutional investors, primarily superannuation funds, pension funds, and insurance companies. “We are long-term investors in Australia’s plantation forestry sector and seek to be part of the growth and development of the industry. We aim to continue to invest and grow our business in Australia, which despite the high Australian dollar and reduced housing starts, remains among the most attractive forestry investment opportunities in the world,” said Brand.

Korda said he was delighted with the sale process, which attracted dozens of expressions of interest from Australia and overseas. There were seven bidders when the initial deadline expired on 2 November. Bidders were then required to submit binding offers for the assets by the end of November, and New Forests entered a short term period of exclusivity in order to finalise the terms of the transaction.

Korda said this asset sale is a significant step in successfully carrying out the three-point plan set out at the beginning of the Receivership.

New Forests anticipates operations at both mill sites will continue without any disruption through the ownership transition.

About KordaMentha

KordaMentha (www.kordamentha.com) is an advisory firm specialising in Corporate Recovery, Turnaround and Restructuring, Real Estate advisory and Forensic services. KordaMentha has worked on some of Australia's most high profile corporate recovery projects.

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About New Forests

Sydney-based New Forests Pty Limited ("New Forests") (www.newforests.com.au) manages investments in sustainable forestry and associated environmental markets for institutional and other qualified wholesale investors. New Forests executes three investment strategies that provide clients with diversity and choice around risk-adjusted returns, geography, and market exposure: sustainable timberland investment in Australia and New Zealand; forestry investment in high-growth markets of the Asia Pacific region; and conservation real estate and environmental markets investment in the United States. The company also has offices in Singapore and San Francisco and currently manages more than \$1.25 billion in assets and over 400,000 hectares of land in Australia, the United States, and Asia.

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